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Thirty-eighth session
Geneva, 17-21 September 2001
Item 3 of the provisional agenda

# INDICATIVE PLAN OF UNCTAD=S TECHNICAL COOPERATION FOR 2002

## Note by the UNCTAD secretariat

1. UNCTAD X, in paragraph 164(vi) of its "Plan of Action" (TD/386), requested the secretariat to submit to member States an Aannual indicative plan of technical cooperation programmes≅.

2. Following this request, the present document (see Add.1) includes information on:

(i) Ongoing projects which are expected to continue in 2002;

(ii) Projects proposed by the secretariat with a view to implementing the mandate of UNCTAD X and of LDC III, as well as mandates given to UNCTAD by the General Assembly;

(iii) Projects proposed as a result of specific requests received from beneficiaries.

For most projects under (ii) and (iii), financial support still needs to be identified.

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3. The plan is intended to implement the Technical Cooperation Strategy of UNCTAD adopted by the Board at its fifteenth executive session in June 1997. It is also intended to:

(a) Inform delegations, cooperating organizations and other interested parties of the operational activities that have been approved for the year 2002 and those which the secretariat is proposing for 2002;

(b) Facilitate discussions with potential donors on the mobilization of the necessary extrabudgetary resources to implement the plan. Barring exceptional cases, all the secretariat's requests to potential donors for funding will be from among proposals contained in this plan; and

(c) Serve as the secretariat's monitoring tool.

4. The information contained herein is broken down as follows: (a) title of the project; (b) expected duration/completion; and (c) when available, approximate total budget in US dollars (for ongoing projects the figures indicate the existing balance at 31 December 2000).

5. Inclusion of new proposals (see paragraph 2(ii) and 2(iii) above) is based on one or more of the following considerations:

(i) An explicit request received by the secretariat from a developing country or a country in transition;

(ii) A request for assistance mandated by the General Assembly, the Conference, the Trade and Development Board or a Commission;

(iii) Consistency with the implementation of the UNCTAD X Plan of Action as reflected in the work programme set out in the programme narrative for the UNCTAD programme budget for 2000-2001 (TD/B/47/3).

6. Only the projects considered a priority have been included in this version of the plan. Moreover, in response to the Bangkok Plan of Action and, in particular, its paragraph 166, projects included in the plan place particular emphasis on capacity-building.

7. Implementation of most of the proposals in the plan is contingent upon the mobilization of additional resources. Moreover, as it is expected that new requests will be made and that existing proposals may be modified, constant adjustments to the plan will be required.

8. The document includes an updated list of ongoing and proposed projects by Divisions and Branches, clearly distinguishing between ongoing and proposed projects. Whenever possible, projects have been clustered by broad areas of activity. Introductory narratives, including an indication of objectives and overall strategy in terms of substantive orientation for each division, are also included.

9. Explanations of the country codes used for project numbering are to be found at the end of Add.1

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# INDICATIVE PLAN OF UNCTAD'S TECHNICAL COOPERATION FOR 2002

**Note by the UNCTAD secretariat**

Annex I: Programme by Programme Tables

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## A. DIVISION ON GLOBALIZATION AND DEVELOPMENT STRATEGIES

*Projects under this heading are mainly directed towards technical cooperation in the field of debt management.*

*The objective is to promote effective, development-oriented and durable solutions to the debt problems of developing countries, particularly the LDCs, and better management of external debt. DMFAS Programme provides technical assistance in debt management to developing countries and economies in transition. The central component of this assistance is the computerized system for debt management - the Debt Management and Financial Analysis System (DMFAS). DMFAS is designed to strengthen the technical capacity of developing countries to record and monitor their external debt. The technical assistance provided includes advice on institutional, legal and administrative issues, and training in DMFAS and debt management. DMFAS is usually installed in Central Banks and/or Ministries of Finance. Installation, training and updating of DMFAS is being carried out at present in over 50 countries. The core staff is responsible for the development and maintenance of DMFAS in Geneva, creating huge economies of scale for the beneficiary countries. Consultants who work for short periods on particular projects and chief technical advisors, who work in the field for the implementation of projects, supplement the core staff.*

| Project No. | Short title | Duration/ completion (a) | Budget/ balance of funds (a) |
|---|---|---|---|
| ***Macro-economic and development policies*** | | | |
| ***Ongoing*** | | | |
| Interregional | Technical support to the Intergovernmental Group of 24 on international monetary affairs (INT0T0AL) | | |
| ***Proposed*** | | | |
| Cuba | Strengthening the capacity of Cuban public institutions to foster Cuban economic growth and its insertion into the world economy. Assistance in the mobilization of external financing (Component 2) | 2002 | 100'000 |
| Palestinian Authority | Macroeconomic simulation framework | 2002 | 50'000 |
| Palestinian Authority | Urgent technical assistance programme (trade logistics and infrastructure, market diversification and trade support, trade and economic policy) | 2002 | 405'000 |

***DMFAS Programme***

*The secretariat will continue to provide technical assistance in the area of debt management as described above, in the following countries:*

***Ongoing***

| | |
|---|---|
| Albania | Strengthening the debt management capacity (ALB/97/010) |
| Angola | Implementation of DMFAS 5.2 (ANG9X9BJ) |
| Argentina | Gestión de la deuda pública en la República argentina (ARG/93/045) |
| Armenia | Capacity-building in external debt management (ARM/97/018) |

| Project No. | Short title | Duration/ completion (a) | Budget/ balance of funds (a) |
|---|---|---|---|
| Burundi | Renforcement des capacités de gestion de la dette (BDI0T0AN) | | |
| Bangladesh | Elaboration of a debt management project for the Finance Ministry (BGD0T0AE) | | |
| Bangladesh | Capacity building for management of foreign aid in Bangladesh (BGD0T0BP) | | |
| Bolivia | Integracion de la gestion de la deuda en Bolivia (BOL0T0AK) | | |
| Belarus | External debt management (BYE/94/002) | | |
| Central African Rep. | Informatisation de la gestion de la dette extérieure (CAF9X53V) | | |
| Chad | Renforcement des capacités de gestion de la dette (CHD0T0AB) | | |
| Colombia | Sistema de gestion de la deuda (COL/94/006) | | |
| Costa Rica | Installation of DMFAS 5.0 (COS9X776) | | |
| Dominican Republic | Control y administracion del endeudamiento externo (DOM9X53X) | | |
| Ecuador | Control y administracion de la deuda publica (ECU9X65D) | | |
| Ecuador | Control y administracion del endeudamiento publico (ECU9X89E) | | |
| Egypt | DMFAS installation in the Central Bank of Egypt (EGY9X9BR) | | |
| El Salvador | Control y administracion del endeudamiento publico (ELS9X89F) | | |
| Gabon | Renforcement des capacites de gestion de la dette (GAB0T1AZ) | | |
| Georgia | DMFAS (GEO/97/001) | | |
| Georgia | Strengthening the debt management capacity (GEO/98/008) | | |
| Guatemala | Sistema integrado de la administracion financiera (GUA/98/017) | | |
| Haiti | Renforcement des capacités de gestion de la dette (HAI9X89M) | | |
| Honduras | Training in DMFAS 4.1Plus (HON9X541) | | |
| Indonesia | Implementation of DMFAS Version 5.2 (INS8X8DS) | | |
| Iran, Islamic Rep. of | DMFAS 5.0 Installation in Bank MARKAZI (IRA9X786) | | |
| Kazakhstan | Implementation of DMFAS Version 5.0 (KAZ9X666) | | |
| Kazakhstan | External debt information systems (KAZ9X788) | | |
| Lithuania | Capacity-building in debt and financial management (LIT9X9D6) | | |
| Malta | Gouvernance et politiques publiques pour un développement humain durable (MAT/97/007) | | |
| Former Yugoslav Rep. of Macedonia | Installation of DMFAS 5.1 (MCD/97/004) | | |

| Project No. | Short title | Duration/ completion (a) | Budget/ balance of funds (a) |
|---|---|---|---|
| Moldova | International financial markets and debt management (MOL/97/007) | | |
| Moldova | Debt management (MOL/98/005) | | |
| Mongolia | Supply, installation and support of debt recording system (DRMIS) (MON0T1BI) | | |
| Palestinian Authority | Capacity building in debt and financial management (PAL0T0AH) | | |
| Panama | Control y administracion del endeudamiento publico (PAN/95/028) | | |
| Paraguay | Control y administracion del endeudamiento publico (PAR/95/003) | | |
| Romania | Debt management (ROM/98/006) | | |
| Romania | Registration and control of external debt (ROM9X43R) | | |
| Rwanda | Gestion de la dette (RWA/98/021) | | |
| Sao Tome and Principe | Renforcement des capacites de gestion de la dette (STP/96/002) | | |
| Sudan | Institutional strengthening project of the Ministry of Finance (SUD9X66U) | | |
| Syrian Arab Rep | Improvement of debt management in Syria (SYR/00/002) | | |
| Togo | Renforcement des capacites de gestion de la dette publique (TOG/98/005) | | |
| Trinidad and Tobago | Implementation of DMFAS 5.0 (TRI9X8BD) | | |
| Turkmenistan | Assistance to the Central Bank of Turkmenistan (TUK/00/003) | | |
| Uganda | Implementation of DMFAS 5.0 in the Ministry of Finance (UGA9X66Z) | | |
| Venezuela | Gestion de la deuda en Venezuela (VEN9X9DW) | | |
| Yemen | Strengthening economic and financial management (Project shared with ASYCUDA) (YEM/97/002) | | |
| Zambia | Implementation of DMFAS 5.1 (ZAM9X9DL) | | |
| Zimbabwe | Implementation of DMFAS 5.2 (ZIM9X9DN) | | |
| Regional Africa | Debt management - ESAIDARM Member Countries (RAF9X43K) | | |
| Interregional | Strengthening the debt management capacity of developing countries (INT9X542) | | |
| Interregional | Strengthening the debt management capacity of developing countries (INT9X54B) | | |
| Interregional | Strengthening the debt management capacity of developing countries (INT9X54E) | | |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| Interregional | Strengthening the debt management capacity of developing countries (INT9X54G) | | | |
| Interregional | Strengthening the debt management capacity of developing countries (INT9X65U) | | | |
| Interregional | Bridge between WBXD & RXD and DMFAS (INT9X9BY) | | | |
| Interregional | Strengthening the debt management capacity of developing countries (INT9X9C3) | | | |
| Interregional | Debt management capacity of developing countries (INT9X9C4) | | | |
| Interregional | Strengthening the debt management capacity of developing countries (INT9X9CF) | | | |
| Interregional | Capacity-building for debt sustainability analysis (ROA-2001-2064-6875) (Development Account) | | | |
| *Proposed* | | | | |
| Algeria | Projet SYGADE à SONELGAZ | 2002 | | 169'054 |
| Algeria | Projet SYGADE à la Banque Centrale | 2002 | | 210'000 |
| Bahrain | Capacity-building in debt and financial management in Bahrain | 2002 | | 127'464 |
| Cambodia | Installation of DMFAS | 2002 | | 116'265 |
| Central African Rep. | Installation of DMFAS | 2002 | | 120'679 |
| Chile | Installation of DMFAS | 2002 | | 232'830 |
| Djibouti | Installation of DMFAS | 2002 | | 126'560 |
| Ethiopia | Installation of DMFAS | 2002 | | 287'146 |
| Kyrgyzstan | Installation of DMFAS | 2002 | | 250'000 |
| Mexico | Installation of DMFAS | 2002 | | 145'720 |
| Pakistan | DMFAS 5.2/DSM+ Debt management project | 2002 | | 130'000 |
| Panama | Control y Administración del Endeudamiento Publico | 2002 | | 232'980 |
| Qatar | Capacity-building in debt and financial management in Qatar | 2002 | | 151'081 |
| Suriname | Installation of DMFAS | 2002 | | 275'833 |
| Syrian Arab Rep. | Installation of DMFAS | 2002 | | 324'115 |
| Viet Nam | Strengthening financial policies and institutions (follow-up under negotiation) | 2002 | | 600'000 |
| Yugoslavia | Capacity-building in debt and financial management in Yugoslavia | 2002 | | 249'674 |
| Interregional | DMFAS Trust Fund (Support to Central Team) | 2002 | 2005 | 8'951'088 * |

* *Estimated budget for the four-year period*

(a) In US Dollars; this refers only to projects listed under "***Proposed***". Duration/completion refers to either year in which project activities will start or to full project duration.

## B DIVISION ON INTERNATIONAL TRADE IN GOODS AND SERVICES, AND COMMODITIES

*Projects proposed under this heading take into account recommendations of the Bangkok Plan of Action related to support for capacity-building in developing countries so as to facilitate their effective integration in the multilateral trading system. This includes human resource development and institutional capacity-building with regard to the multilateral trading system (on the built-in agenda and other possible areas of negotiations, existing and emerging trade rules and their implications for development), trade in services, regional integration and the multilateral trading system, competition issues, trade and environment, and commodities issues.*

*Activities of the proposed projects seek to enhance effective participation of developing countries and countries in transition in the multilateral, regional and subregional trade negotiations and their enhanced participation in WTO itself. Projects also seek to assist countries acceding to WTO. The proposed projects, most of which are linked to the secretariat's analytical work, aim at strengthening capacities: to formulate and implement policies that derive maximum benefits from international trade; to increase the contribution of the commodity sectors to sustainable development, particularly supply capacities, focusing on diversification and more effective use of modern commodity price management instruments; increased capacity to deal with competition laws and policies and consumer protection issues; and increased ability to develop mutually supportive trade, environment and development policies.*

| Project No. | Short title | Duration/ completion (a) | Budget/ balance of funds (a) |
|---|---|---|---|
| ***Trade negotiations and commercial diplomacy*** | | | |
| ***Ongoing*** | | | |
| Benin | Suivi des accords de l'OMC et amélioration des débouchés internationaux pour les entreprises exportatrices du Bénin (BEN/98/A51) | | |
| Burkina Faso | Suivi des accords de l'OMC et évaluation des débouchés internationaux pour les entreprises du Burkina Faso (BKF/98/A52) | | |
| Belarus | Support of negotiations on accession to GATT (BYE/94/003) | | |
| Ghana | Follow-up to the WTO Agreements and exploitation of business opportunities by Ghanaian enterprises (GHA/98/A54) | | |
| Côte d'Ivoire | Suivi des accords de l'OMC et évaluation des débouchés internationaux pour les entreprises exportatrices ivoiriennes (IVC/98/A53) | | |
| Kazakhstan | Support of Kazakhstan accession to the WTO (KAZ/98/001) | | |
| Kenya | Follow-up to the WTO Agreements and exploitation of business opportunities by the Kenyan enterprises (KEN/98/A55) | | |
| Mongolia | Support to the Government in its initial phase of membership in the WTO (MON/97/113) | | |
| Nepal | Nepal's accession to the WTO (NEP/96/010) | | |
| Palestinian Authority | Training programme in international commercial diplomacy. Phase II | | |
| Palestinian Authority | Bilateral and regional trade arrangements | | |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| Samoa | Trade policy and export-oriented strategies for the effective integration of Samoa into the multilateral trading system (SAM/00/001) | | | |
| Saudi Arabia | Support for accession to WTO (SAU/00/007) | | | |
| Tunisia | Mise à niveau des capacités nationales pour gérer le nouveau système commercial multilatéral (TUN/96/007) | | | |
| Uganda | Follow-up to the WTO Agreements and exploitation of business opportunities by the Ugandan enterprises (UGA/98/A58) | | | |
| United Rep. of Tanzania | Follow-up to the WTO Agreements and exploitation of business opportunities by the Tanzanian enterprises (URT/98/A56) | | | |
| Zimbabwe | Implications of the Uruguay Round and other subregional agreements on the economy and external trade of Zimbabwe (ZIM/99/002) | | | |
| Regional Africa | Capacity-building for trade and development in Africa (RAF/96/001) | | | |
| Regional Africa | Implementing the General Agreement on Trade in Services (GATS) in Africa (CAPAS) (RAF/97/A16) | | | |
| Regional Africa | Post-Uruguay Round assistance to African countries (RAF/97/A34) | | | |
| Regional Asia and Pacific | Assistance to Countries of the Asian Region on MFN and Preferential Tariff Negotiations (RAS/97/A18) | | | |
| Interregional | Negotiations for a GSTP among developing countries (INT/90/A19) | | | |
| Interregional | TRAINS for GSP (INT/92/A04) | | | |
| Interregional | Trade relations and economic cooperation in the Mediterranean region (INT/93/A34) | | | |
| Interregional | Technical cooperation on market access, trade laws and preferences (INT/97/A06) | | | |
| Interregional | Support to the technical cooperation project on market access, trade laws and preferences (INT/98/A30 follow-up to INT/97/A06) | | | |
| Interregional | Training programme in international commercial diplomacy - Phase II (UNCTAD trust fund project for WTO accession) (INT/99/A50) | | | |
| Interregional | Projet francophone de formation au commerce international et au développement des entreprises (FRANCODE) (INT0T0AU) | | | |
| Interregional | Enhancing capacity-building of developing countries and countries with economies in transition for effective integration in the multilateral trading system (ROA-2001-2072-6875) (Development Acccount) | | | |
| ***Proposed*** | | | | |
| Algeria | Assistance dans le domaine du système multilatéral du commerce | 2002 | 2003 | |
| Botswana | Trade policy formulation, facilitation and negotiation capacities | 2002 | 2003 | 39'000 |
| East Timor | Trade policy formulation, facilitation and negotiation capacities | 2002 | 2003 | 100'000 |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| Papua New Guinea | Trade policy facilitation and negotiation capacities | 2002 | 2003 | 900'000 |
| Swaziland | Building of national trade capacity | 2002 | 2003 | 150'000 |
| Zimbabwe | National conference on services | 2002 | 2003 | 177'000 |
| Regional Africa | CAPAS IV: building capacity to participate in multilteral trade negotiations under WTO; design appropriate strategies for trade liberalization on services | 2002 | 2004 | 500'000 |
| Regional Latin America | Support on issues relating to the multilateral trading system (Central America) | 2002 | 2004 | 320'000 |
| Interregional | Capacity-building for developing countries to use the TRAINS data system to help for preparations for multilateral trade negotiations | 2002 | 2004 | 300'000 |
| Interregional | Support to a positive agenda for developing countries in multilateral trade negotiations | 2002 | 2004 | 3'000'000 |
| Interregional | Support to regional and subregional integration among developing countries | 2002 | 2004 | 2'000'000 |
| | *The secretariat has received requests for technical assistance on GSP from:* ***Africa****: Algeria, Burkina Faso, Burundi, Cameroon, Chad, Democratic Republic of Congo, Ethiopia, Eritrea, Gabon, Kenya, Morocco, Mozambique, and United Republic of Tanzania;* ***Asia & Pacific****: East Timor, Indonesia, Iraq, Samoa, Tonga and United Arab Emirates;* ***Latin America & the Caribbean****: Bolivia, Chile, Colombia, Cuba, El Salvador, Haiti, Paraguay, Uruguay and Venezuela;* ***Europe****: Albania, Azerbaijan, Belarus, Croatia, Estonia, Poland and Ukraine* | 2002 | 2004 | |
| ***Trade analysis*** | | | | |
| ***Ongoing*** | | | | |
| Interregional | Computerized Trade Data (INT9X00J ex INT/90/A07) | | | |
| Interregional | Agricultural Trade Policy Simulation Model (INT9X8A7 ex INT/98/A60) | | | |
| ***Proposed*** | | | | |
| Interregional | Capacity-building on analysing the developmental implications of special and differential treatment to assist developing countries in their integration into, and deriving full benefits from, the multilateral trading system | 2002 | 2004 | 150'000 |
| Interregional | Capacity-building on analysing the development dimension and the developmental impacts of the multilateral trading system and trade policy in a globalized world | 2002 | 2004 | 300'000 |
| Interregional | Capacity-building on analysing the developmental dimension in trade-related aspects of regional economic integration | 2002 | 2004 | 300'000 |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| ***Commodities*** | | | | |
| ***Ongoing*** | | | | |
| Interregional | Projet sur l'intelligence économique et le renforcement des services informationnels à forte valeur ajoutée dans le domaine des produits de base (Phase II) (INT/99/A27) | | | |
| Interregional | Capacity-building and policy-networking for sustainable resource-based development (ROA-2001-2062-6875) (Development Account) | | | |
| Interregional | Diversification and commodity-based development (ROA-2001-2076-6875) (Development Account) | | | |
| ***Proposed*** | | | | |
| Palestinian Authority | International procurement of strategic food commodities | 2002 | | 103'000 |
| Swaziland | Facilitation of entry by small-scale farmers in Swaziland into sugar cane growing (follow-up to earlier fast track project financed by the CFC) | 2002 | 2003 | 100'000 |
| Regional Africa | Training and capacity-building for improving oil and gas trade and finance in Africa | 2002 | 2003 | 1'000'000 |
| Interregional | Diversification in mining dependent regions of developing countries | 2002 | 2003 | 250'000 |
| Interregional | Enhancing the role of commodities exchanges in liberalized agricultural sector | 2002 | 2005 | 100'000 |
| Interregional | Commodity risk management and finance (Phase II) | 2002 | 2003 | 280'000 |
| ***Trade, environment and development*** | | | | |
| ***Ongoing*** | | | | |
| India | The role of business partnerships in promoting trade and sustainable development (IND/99/965) | | | |
| Viet Nam | Trade, environment and development: policy implications for Viet Nam (VIE/98/036) | | | |
| Regional Asia and Pacific | Creation of multi-stakeholder advisory panel on sound and cost-effective management of health and environmental risks | | | |
| Regional Latin America | BIOTRADE in the Amazonian region (RLA/99/A46) | | | |
| Interregional | Lunching a plurilateral gas emissions trading system (GLO/99/A18) | | | |
| Interregional | Reconciliation of trade and environment policies: (1) Adequately valuing natural resources: continued work on international and environmental externalities in prices of natural and synthetic rubber products; (2) Trade, environment and development in LDCs: capacity-building; (3) Trade, environment and small and medium-sized enterprises (INT/92/A06) | | | |

| Project No. | Short title | Duration/ completion (a) | Budget/ balance of funds (a) |
|---|---|---|---|
| Interregional | UNEP-UNCTAD capacity-building task force on trade, environment and development (INT/93/A48 ) | | |
| Interregional | BIOTRADE Initiative (Phase II). Work on (1) West Africa; (2) Southern Africa and (3) Asia (with ITC) (INT/97/A50) | | |
| Interregional | Trade, environment and investment (INT/98/A27) | | |
| Interregional | Strengthening research and policy capacities in trade and environment in developing countries (INT/98/A61) | | |
| ***Proposed*** | | | |
| India | Capacity-building on selected trade and sustainable development issues | 2002 | 300'000 |
| Mozambique | Trade, environment and development in Mozambique | 2002 | 200'000 |
| Regional Latin America | Capacity-building on trade and environment in Cuba and CARICOM | 2002 | 250'000 |
| Regional Latin America | Capacity-building on trade and environment in Central America | 2002 | 250'000 |
| Regional Latin America | Implementation of the BIOTRADE Initiative in Central America | 2002 | 100'000 |
| Interregional | Capacity-building in LDCs on trade, environment and development | 2002 | 300'000 |
| Interregional | Incentives for improving energy efficiency, trade and investment aspects | 2002 | 300'000 |
| Interregional | Capacity-building on traditional knowledge, trade and development | 2002 | 300'000 |
| Interregional | Building national capacity in sustainable management of recoverable material/resources in rapidly industrializing (developing countries) | 2002 | 320'000 |
| ***Competition law and policy and consumer protection*** | | | |
| ***Ongoing*** | | | |
| Regional Africa | Institutional and capacity-building in competition law and policy for African countries (RAF/97/A41) | | |
| Interregional | Training programme on RBPs (competition policies) (INT/86/A01) | | |
| Interregional | Strengthening competition policy and legislation in developing countries (INT/96/A19) | | |
| ***Proposed*** | | | |
| Cuba | Strengthening the capacity of Cuban public institutions to foster Cuban economic growth and its insertion into the world economy (Component 1) | 2002 | 100'000 |

| Project No. | Short title | Duration/ completion (a) | Budget/ balance of funds (a) |
|---|---|---|---|
| Russian Federation | Capacity-building in the enforcement of anti-monopoly law in the Russian Federation and CIS countries | 2002 | 450'000 |
| Regional Asia and Pacific | Competition policy for ASEAN countries | 2002 | 180'000 |
| Regional Latin America | Strengthening competition policy and legislation in Central America | 2002 | 300'000 |
| Regional Latin America | Formulation and implementation of competition law and policy in Latin American countries | 2002 | 500'000 |
| Interregional | Institutional capacity-building for competition law and policy (Development Account) | 2002 2004 | 410'000 |

(a) In US Dollars, this refers only to projects listed under "***Proposed***". Duration/completion refers to either year in which project activities will start or to full project duration.

## C. DIVISION ON INVESTMENT, TECHNOLOGY AND ENTERPRISE DEVELOPMENT

*Projects proposed under this heading aim at supporting the research and policy analysis work on issues relative to the benefits to be derived from international investment and related financial flows, including their impact on development, with a view to creating an environment in which foreign investment and international business can thrive.*

*Technical cooperation activities aim at enhancing the capacity of developing countries to attract and benefit from FDI, formulate and implement investment policies and strategies, including in the area of promotion, and participate effectively in negotiations on investment-related issues.*

*The projects also aim at strengthening technological capacities and foster the development of enterprises by enhancing their competitiveness, stimulating employment, investment, technology transfer and exports through the development of indigenous entrepreneurs and innovative small and medium-sized enterprises. Assistance is also provided in formulating and implementing accounting and auditing laws and standards.*

| Project No. | Short title | Duration/ completion (a) | Budget/ balance of funds (a) |
|---|---|---|---|

***Investment issues analysis***

***Ongoing***

| | |
|---|---|
| Ethiopia | Revision of the banking education curriculum of the Ethiopian Institute of Banking and Insurance (Two projects: one for Banking and one for Insurance) (ETH/99/A02 - ETH/99/A10) |
| Regional Africa | Développement de marchés des assurances compétitifs (Phase VI) (RAF/94/A38) |
| Interregional | TNCs and industrial restructuring (INT/93/A50) |
| Interregional | Tradability of services: impact and implications for developing countries (INT/94/A22) |
| Interregional | Feasibility studies on the creation of private risk capital funds for LDCs (INT/97/A12) |
| Interregional | World Investment Report Trust Fund (INT/98/A36) |
| Interregional | Building capacity in LDCs to attract venture capital funds (INT/98/A37) |
| Interregional | Investment Guides and capacity-building for Least Developed Countries (LDCs) (INT/98/A40) |
| Interregional | Needs assessment to attract Asian FDI investment to Africa (Phase I) (INT/99/921) |
| Interregional | Technical assistance-related research and policy analysis on FDI (INT/99/A39) |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| ***Proposed*** | | | | |
| Cuba | Strengthening the capacity of Cuban public institutions to foster Cuban economic growth and its integration into the world economy Assistance in the area of banking and insurance (Component 3) | 2002 | 2003 | 200'000 |
| Interregional | Investment guide for LDCs (Follow-up) | | | |
| Interregional | Industry studies: research and workhops on inward FDI in selected industries in developing countries | 2002 | 2003 | 200'000 |
| Interregional | Employment impact of FDI in developing countries: policy analysis (in cooperation with ILO) | 2002 | 2003 | 100'000 |
| Interregional | World Investment Report 2002 | 2002 | 2003 | 200'000 |
| ***Investment policies and capacity-building*** | | | | |
| ***Ongoing*** | | | | |
| Albania | Investment promotion in Albania (ALB/93/014) | | | |
| Bolivia | Strengthening investment promotion - Implementation of the National Investment Promotion Strategy (BOL/99/A72) | | | |
| Djibouti | Etude pour l'implantation de Zones franches commerciales, industrielles et de services a Djibouti (DJI/00/001) | | | |
| Ecuador | Improving Ecuador's investment framework and designing on investment promotion plan (ECU0T1BU) | | | |
| Egypt | Training for Egyptian Diplomats in Investment Promotion (EGY/99/A62) | | | |
| Jordan | Competitiveness study and action plan on investment promotion for Jordan's minerals sector (JOR/98/008) | | | |
| Mauritania | Appui au secteur privé dans le cadre de la lutte contre la pauvreté (MAU/98/003) | | | |
| Interregional | Quick response window for ASIT - Strengthening subregional investment promotion - Andean Community and strengthening the capacity of Brazilian investment promotion and technology transfer system (INT/97/A44) | | | |
| Interregional | Micro-Bank (INT/99/A33) | | | |
| Interregional | Crossborder Environmental Management in TNCs (INT/99/A34) | | | |
| Interregional | Support to WAIPA in providing a forum for exchange of experiences among investment promotion agencies (IPAs) (INT/99/A37) | | | |
| Interregional | Strengthening of South-South investment cooperation through sharing experiences in BITS (INT/00/942) | | | |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| ***Proposed*** | | | | |
| Ecuador | STIP Review of Ecuador | 2002 | 2003 | 150'000 |
| Egypt | Improvement of the investment promotion regime in Egypt | 2002 | | 236'000 |
| Peru | STIP Review of Peru | 2002 | 2003 | 150'000 |
| Regional Asia and Pacific | Assistance to Asian LDCs | 2002 | | 700'000 |
| Regional Latin America | Analysis of investment policies in Central America | 2002 | | 250'000 |
| Interregional | Quick response window for ASIT (Phase II) | 2002 | | 200'000 |
| Interregional | Investment policy review of: Belarus, Botswana, Chile, Colombia, Ghana, Iran, Kenya, Lesotho, Nepal, Pakistan and the United Republic of Tanzania | 2002 | 2003 | 861'600 |
| Interregional | Training in investment promotion and investor targeting for African LDCs | 2002 | | 250'000 |
| Interregional | Capacity-building programme on issues related to attracting investment into developing countries: To build national capacity in developing countries and economies in transition, through advice, training as well as analysis and distribution of best practices | 2002 | 2006 | 3'545'000 |
| Interregional | Capacity-building in developing countries on issues related to international investment agreements: The project focuses on deepening the understanding of national decision-makers on the issues involved, exploring the range of issues that needs to be considered and ensuring that the development dimension is addressed, with a view towards consensus-building | 2002 | 2006 | 7'500'000 |
| Interregional | Capacity-building in developing countries to attract and benefit from international investment (Development Account) | 2002 | 2003 | 950'000 |
| ***Technology and enterprise*** | | | | |
| ***Ongoing*** | | | | |
| Azerbaijan | Training of auditors (AZE/96/A53) | | | |
| Palestinian Authority | Support for small and medium-size enterprise development (EMPRETEC) (INT/98/A33) | | | |
| Regional Africa | Enterprise Africa: Strengthening SME Creation, Development and Regional Integration (RAF/96/014) | | | |
| Interregional | Blueprint for green accounting (INT/96/A57) | | | |
| Interregional | Public-private sector dialogue in 4 LDCs (INT/97/A42) | | | |
| Interregional | Mediterranean 2000 (INT/98/A33) | | | |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| ***Proposed*** | | | | |
| Cuba | Strengthening the capacity of Cuban public institutions to foster Cuban economic growth and its insertion into the world economy Assistance in the development of Government Accounting System (Component 4) | 2002 | | 600'000 |
| Russian Federation | EMPRETEC. Three project sites | 2002 | 2004 | 1'500'000 |
| Regional Latin America | EMPRETEC. Strengthening networking between Latin America and Germany by creation of distribution and facilitation center for Latin American SMEs in Kreis Neuss (Germany). Assessment and assistance to install and operate distribution and facilitation center located in Germany providing Latin American firms with logistics support for their commercial operations | 2002 | | 120'000 |
| Regional Latin America | EMPRETEC in Central America and the Caribbean | 2002 | | 500'000 |
| Interregional | Capacity-building in developing countries and economies in transition in areas of use of international accounting and auditing standards and corporate governance | 2002 | 2004 | 500'000 |
| Interregional | EMPRETEC. Promotion and installation of the programme INICIATIVA. Assistance to large public enterprises for managerial and productivity upgrading | 2002 | 2004 | 1'175'000 |
| Interregional | EMPRETEC. Dissemination of data collection methods, monitoring systems, impact assessment indicators, creation of data base | 2002 | 2004 | 190'000 |
| Interregional | EMPRETEC. Training workshops on building e-commerce solutions to help SMEs benefit from business opportunities in e-commerce | 2002 | | 60'000 |
| Interregional | EMPRETEC. development of training products for small-scale fruit and vegetable processing to meet international standards | 2002 | | 150'000 |
| Interregional | Women entrepreneurs and SME development. (1) Research-based policy options for developing countries and LDCs. (2) Identification of commercial practices which limit women entrepreneurs and ways and means to overcome them. Global Workshop on Women Entrepreneurs | 2002 | | 2'000'000 |
| Interregional | Exchange of best practices and capacity-building to facilitate access to and use of new technologies including information technology, electronic commerce, bio-technology, environmentally sound technology and new materials development | 2002 | | |

(a) In US Dollars; this refers only to projects listed under "***Proposed***". Duration/completion refers to either year in which project activities will start or to full project duration.

## D. DIVISION FOR SERVICES INFRASTRUCTURE FOR DEVELOPMENT AND TRADE EFFICIENCY

*Projects proposed under this heading aim at assisting developing countries to improve their competitiveness in international trade by achieving greater efficiency in their trade-supporting services infrastructure sectors, such as in the areas of:*

*Trade logistics/Transport and trade facilitation: help set up the necessary institutional, legal and operational environment for the modernization of national transport legislation and regulations and improve the efficiency of transit transport operations; provision and installation of the Advance Cargo Information System (ACIS), a transport management tool which tracks cargo and transport equipment on rail, at ports and on rivers and generates transport statistics; provision of advice and operational support for port management;*

*Customs: support the modernization and reform of customs through the installation of the A430, a computerized customs management system which streamlines the customs clearance process;*

*Information and training: provision and implementation of structured training programmes seeking to enhance human resources for international trade in goods and services at the policy and operational level, such as TRAINFORTRADE and TRAINMAR;*

*Electronic commerce: provision of advice and training programmes on the use of information technologies and electronic data interchange with a view to improving access for traders in developing countries to trade-related information and global networks and promote the use of e-commerce.*

*Activities concerning Trade Points in accordance with the Trade Point Programme strategy*

| Project No. | Short title | Duration/ completion (a) | Budget/ balance of funds (a) |
|---|---|---|---|
| ***Trade logistics*** | | | |
| ***ACIS*** | | | |
| ***Ongoing*** | | | |
| Bangladesh | ACIS RailTracker (BGD/94/A57) | | |
| Burkina Faso | ACIS RailTracker (BKF/92/A35) | | |
| Bulgaria | ACIS RailTracker (BUL/99/A08) | | |
| Cameroon | ACIS RailTracker (CMR/93/A24) | | |
| Iran, Islamic Rep of | ACIS PortTracker (IRA/99/008) | | |
| Lebanon | ACIS PortTracker Beirut (LEB0T0BZ) | | |
| Nepal | Promotion of trade and transport sectors (ACIS/ASYCUDA) (NEP/97/A53) | | |
| Sudan | ACIS RailTracker (Sudan Railway Corporation) (SUD/93/A10) | | |
| United Rep. of Tanzania | ACIS RailTracker (Uganda Railway Corporation) (URT/93/A43) | | |
| Regional Africa | ACIS in COMESA (RAF/94/A70) | | |
| Regional Africa | ACIS RailTracker/RSIS in Southern Africa (RAF/97/A07) | | |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| ***Proposed*** | | | | |
| Brazil | ACIS RailTracker | 2002 | 2003 | 250'000 |
| Egypt | ACIS RailTracker | 2002 | 2003 | 490'000 |
| El Salvador | ACIS RailTracker/PortTracker | 2002 | 2003 | 350'000 |
| Guatemala | ACIS PortTracker | 2002 | 2003 | 200'000 |
| Malawi | ACIS RailTracker extension | 2002 | 2003 | 100'000 |
| Mongolia | ACIS RailTracker | 2002 | 2003 | 500'000 |
| Myanmar | ACIS RailTracker | 2002 | 2003 | 250'000 |
| Nigeria | ACIS RailTracker (NIR/97/A21) | 2002 | 2005 | 2'000'000 |
| Pakistan | ACIS RailTracker | 2002 | 2003 | 200'000 |
| Palestinian Authority | Transit trade and transport | 2002 | | 30'000 |
| Palestinian Authority | Subregional cooperation with Egypt, Jordan and other partners PHASE II | 2002 | 2003 | 90'000 |
| Palestinian Authority | Managerial and institutional capacities for Gaza Seaport | 2002 | | 82'000 |
| Peru | ACIS in Peru (Andine) | 2002 | 2003 | 250'000 |
| Sri Lanka | ACIS RailTracker | 2002 | 2003 | 700'000 |
| Thailand | ACIS RailTracker/PortTracker | 2002 | 2003 | 350'000 |
| Viet Nam | ACIS RailTracker | 2002 | 2003 | 250'000 |
| Regional Africa | Transport efficiency Horn of Africa | 2002 | 2003 | 1'000'000 |
| Regional Asia and Pacific | ACIS regional Mekong River system | 2002 | 2003 | 400'000 |
| ***Ports*** | | | | |
| ***Ongoing*** | | | | |
| Indonesia | Private sector participation in maritime services (INS/98/011) | | | |
| Pakistan | Promotion of trade and transport sectors (PAK/99/A01) | | | |
| Somalia | Ports and trade efficiency for economic recovery (SOM/98/001) | | | |
| Somalia | Support to cross-border initiatives (SOM/00/003) | | | |
| Interregional | Improving port performance trust fund (INT/83/A04) | | | |
| Interregional | Strategic ship planning seminar (INT/88/A01) | | | |
| Interregional | JOBMAR (INT/93/A26) | | | |

| Project No. | Short title | Duration/ completion (a) | Budget/ balance of funds (a) |
|---|---|---|---|

***ASYCUDA***

*The secretariat will continue to provide technical assistance in the area of the Automated System for Customs Data (ASYCUDA) as described above, in the following countries:*

***Ongoing***

| | |
|---|---|
| Bangladesh | Migration to ASYCUDA++ (BGD0T0BK) |
| Benin | Migration to SYDONIA++ (BEN0T1AR) |
| Bosnia and Herzegovina | Implementation of ASYCUDA++ (BIH0T0BH) |
| Bolivia | Implementation of ASYCUDA++ (BOL/00/002) |
| Botswana | Implementation of ASYCUDA++ (BOT01AL) |
| Burkina Faso | Implementation of SYDONIA++ (BKF0T) |
| Côte d'Ivoire | Migration to SYDONIA++ (CVI0T0BA) |
| Chad | Implementation of ASYCUDA++ (CHD/99/003) |
| El Salvador | Implementation of ASYCUDA++ (ELS/99/002) |
| Ethiopia | Automation of Customs Procedures (ETH/97/013) |
| Gambia | Automation of Customs Procedures (GAM/98/002) |
| Honduras | Migration to ASYCUDA++ (HON/98/A31) |
| Iran, Islamic Rep. of | Implementation of ASYCUDA++ (IRA/99/009) |
| Jordan | Implementation of ASYCUDA++ (JOR/96/004) |
| Lithuania | Implementation of ASYCUDA++ (LIT0TCD) |
| Malta | Automation of Customs Procedures (MAT/91/A25) |
| Madagascar | Modernization vers SIDONIA++ (MAG0T1AA) |
| Former Yugoslav Rep. of Macedonia | Implementation of ASYCUDA++ (MCD/96/A03) |
| Maldives | Implementation of ASYCUDA++ (MDV97/002) |
| Malawi | Automation of Customs Procedures (MLW/98/A34) |
| Nepal | Implementation of ASYCUDA++ (NEP/97/A53) |
| Nicaragua | Implementation of ASYCUDA++ (NIC/99/A52) |
| Palestinian Authority | Preparatory Assistance (PAL0T1AX) |
| Philippines | Implementation of ASYCUDA++ (PHI/94/A36) |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| Sri Lanka | Migration to ASYCUDA++ (SRL/97/A51) | | | |
| Sao Tomé and Principe | Automation of Customs Procedures (STP/00/004) | | | |
| Uganda | Automation of Customs Procedures (UGA/96/A48) | | | |
| United Rep. of Tanzania | Automation of Customs Procedures (URT/98/009) | | | |
| Venezuela | Implementation of ASYCUDA++ (VEN0T0BE) | | | |
| Yemen | Implementation of ASYCUDA++ (Project shared with DMFAS) (YEM/97/002) | | | |
| Zambia | Migration to ASYCUDA++ (ZAM0T1AW) | | | |
| Zimbabwe | Migration to ASYCUDA++ (ZIM/99/A40) | | | |
| Regional Africa | Support to COMESA - ASYCUDA (RAF/92/A37) | | | |
| Regional Africa | Support to ECOWAS - ASYCUDA (RAF/99/A14) | | | |
| Regional Asia and Pacific | Customs human resources development program (RAS/98/A21) | | | |
| Regional Asia and Pacific | Regional Support for Asia & Pacific (RAS/00/A05) | | | |
| Regional Asia and Pacific | Implementation of ASYCUDA++ (RAS/98/A07) | | | |
| Interregional | Support to the enhancement of ASYCUDA - Development of a transit module (INT/98/A26) | | | |
| Interregional | Ad-hoc support for ASYCUDA (INT/98/A42) | | | |
| Interregional | ASYCUDA passage a l'an 2000 (INT/99/A57) | | | |
| Interregional | Soutien aux administrations des douanes des pays utilisateurs du systeme SYDONIA - Bogue de l'an 2000 (INT/99/A65) | | | |
| Interregional | ASYCUDA - SAFETIR Interface (INT0T0BT) | | | |
| ***Proposed*** | | | | |
| Albania | Implementation of ASYCUDA++ | 2002 | 2003 | 600'000 |
| Gabon | Implementation of ASYCUDA++ | 2002 | 2003 | 500'000 |
| Malta | Migration to ASYCUDA++ | 2002 | 2003 | 800'000 |
| Mauritania | Migration to ASYCUDA++ | 2002 | 2003 | 285'000 |
| Uganda | Migration to ASYCUDA++ | 2002 | 2003 | 250'000 |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| ***Information and training*** | | | | |
| ***Human resources development*** | | | | |
| ***TRAINMAR: institution building for training, in support of maritime trade*** | | | | |
| ***Ongoing*** | | | | |
| Nigeria | Preparatory Study (NIR/95/A92) | | | |
| Caribbean | TRAINMAR network support in the Caribbean Basin (CAR/95/A65) | | | |
| Interregional | TRAINMAR programme action (INT/91/A15) | | | |
| Interregional | Further training of course developers (INT/99/A51) | | | |
| Interregional | CD-ROM training for (TRAINMAR) | | | |
| Interregional | TRAINMAR programme support (INT/99/A61) | | | |
| ***Proposed*** ** | | | | |
| Angola | TRAINMAR plan of action for Angola | 2002 | | 104'000 |
| Benin | TRAINMAR plan of action for Benin | 2002 | | 95'000 |
| Togo | TRAINMAR plan of action for Togo | 2002 | | 95'000 |
| United Rep. of Tanzania | TRAINMAR plan of action for United Republic of Tanzania | 2002 | 2003 | 92'445 |
| Caribbean | TRAINMAR network support for small islands | 2002 | 2004 | 370'640 |
| Regional Arab States | Reinforcement of TRAINMAR in Arab States | 2002 | 2004 | 245'000 |
| Regional Africa | TRAINMAR network support for Africa | 2002 | 2004 | 581'950 |
| Regional Asia and Pacific | TRAINMAR plan of action for Asia | 2002 | 2003 | 74'863 |
| Regional Asia and Pacific | Regional TRAINMAR development in Asia | 2002 | 2007 | 2'384'380 |
| Regional Asia and Pacific | TRAINMAR action plan for Pacific States | 2002 | 2002 | 87'092 |
| Regional Asia and Pacific | Regional TRAINMAR development in Pacific States | 2002 | 2003 | 1'375'210 |
| Regional Europe | TRAINMAR network support for countries in transition | 2002 | 2004 | 293'800 |
| Regional Latin America | Implementation of a training policy for maritime trade | 2002 | 2005 | 971'800 |
| Interregional | Management of training - workshop | 2002 | 2003 | 70'060 |
| Interregional | TRAINMAR coordination | 2002 | 2005 | 450'000 |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| Interregional | Internet skills and applications for TRAINMAR | 2002 | 2003 | 135'600 |

** *To be reviewed in light of the outcome of the evaluation of the TRAINMAR Programme*

***TRAINFORTRADE***

***Ongoing***

| | | | | |
|---|---|---|---|---|
| Cape Verde | Préparation d'un plan de développement des ressources humaines et de formation portuaire, para-portuaire et du commerce international pour le Cap Vert (Phase I) (CVI/99/A20) | | | |
| Regional Africa | Mise en place d'une politique portuaire des ressources humaines (Mise en place du Certificat Portuaire au Bénin, Gabon, Sénégal) (RAF/96/A49) | | | |
| Regional Africa | Mise en place de capacités de formation au commerce international Renforcement des capacités au Bénin, Burkina Faso et Mali dans le domaine du commerce international, du transit, du transport multimodal, du commerce et de l'environnement (RAF/99/A09) | | | |
| Interregional | Appui à la conception, préparation et validation de matériel pédagogique pour des pays francophones (INT/90/A18) | | | |
| Interregional | Projet de coopération et de participation de la Belgique aux actions d'appui engagées par l'Equipe Centrale (INT/94/A54) | | | |
| Interregional | Appui à l'Equipe centrale et à la conception de nouveau matériel pédagogique (INT/96/A55) | | | |
| Interregional | TRAINFORTRADE Trust Fund for LDCs (INT/98/A48) | | | |

***Proposed***

| | | | | |
|---|---|---|---|---|
| Bangladesh | Bangladesh: TFT capacity-building project in the field of training in international trade | 2002 | 2005 | 700'000 |
| Cape Verde | Cape Verde: TFT capacity-building project in the field of training in international trade | 2002 | 2005 | 1'067'520 |
| Comoros | Comoros: TFT capacity-building project in the field of training in international trade | 2002 | 2005 | 980'000 |
| Madagascar | Madagascar: TFT capacity-building project in the field of training in international trade | 2002 | 2005 | 980'000 |
| Mozambique | Mozambique: TFT capacity-building project in the field of training in international trade | 2002 | 2004 | 600'000 |
| Regional Africa | Togo - Guinea: TFT capacity-building projects in the field of training in international trade | 2002 | 2004 | 500'000 |
| Regional Africa | Local economic development and international trade development for the PALOPS | 2002 | 2005 | 3'320'000 |
| Regional Asia and Pacific | Capacity-building in the field of training for international trade in Cambodia and Lao People's Democratic Republic | 2002 | 2006 | 1'556'123 |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| Interregional | Institutional capacity-building in the field of competition law and policies in LDCs | 2002 | 2004 | 494'714 |
| Interregional | HRD policy framework in trade supporting services | 2002 | 2002 | 113'000 |
| ***Trade Points*** | | | | |
| ***Ongoing*** | | | | |
| Bulgaria | Establishment of a trade Point in Sofia (BUL/98/A02) | | | |
| Mozambique | Launching of an operational Trade Point in Mozambique (MOZ/99/A45) | | | |
| Mozambique | Training activities at the Maputo Trade Points (MOZ/99/A47) | | | |
| Romania | Establishment of a trade Point in Bucharest (ROM/97/A02) | | | |
| Regional Africa | African commodities sector diversification through South-South cooperation (RAF/96/A44) | | | |
| ***Proposed*** | | | | |
| China | Development of e-commerce training courses for SMEs in China (Trade Point in Beijing Training Centre) | 2002 | 2004 | 360'000 |
| Romania | Establishment of a network of regional Trade Point offices in Romania | 2002 | 2003 | 170'900 |
| Regional Africa | Strengthening of Trade Points in Western Africa | 2002 | | 200'000 |
| Regional Asia and Pacific | Strengthening of Trade Points in developing countries of Asia and Pacific | 2002 | | 350'000 |
| Regional Latin America | Enhancing the capacity of Trade Points in Latin America and the Caribbean. Delivery of Trade Points training courses | 2002 | | 200'000 |
| Interregional | Strengthening national capacities to support SMEs in international trade in Electronic Commerce: Training for Trade Points | 2002 | 2005 | 1'224'300 |
| Interregional | Assisting LDCs in marketing, tourism on-line: development and pilot implementation of replicable e-tourism portal for LDCs | 2002 | 2005 | 1'691'300 |
| ***Electronic commerce*** | | | | |
| ***Ongoing*** | | | | |
| Interregional | Promotion of Electronic Commerce (ROA-2001-2180-6395) (Development Account) | | | |
| ***Proposed*** | | | | |
| Interregional | Workshops on economic, fiscal and legal aspects of e-commerce | 2002 | | 300'000 |

(a) In US Dollars; this refers only to projects listed under "***Proposed***". Duration/completion refers to either year in which project activities will start or to full project duration.

| Project No. | Short title | Duration/ completion (a) | Budget/ balance of funds (a) |
|---|---|---|---|

*3. UNCTAD/UNDP global project*

***Proposed***

| | | | | |
|---|---|---|---|---|
| Interregional | The Programme's objective is to enhance the ability of developing countries to manage their integration into the global economy in a manner supportive of sustainable human development (Phase II) (GLO/ ./. . ) | | | 2'000'000 |

*4. Dispute settlement*

***Proposed***

| | | | | |
|---|---|---|---|---|
| Interregional | Building capacity through training in dispute settlement in international trade, investment and intellectual property (Development Account: US$420,000) The proposed project aims at enhancing the permanent capacity of professionals within developing countries to participate more fully in dispute settlement, *inter alia* by introducing specialized courses on the subject at universities and research institutions, and by training of teachers at the local level. Focus will be on dispute settlement in WTO, WIPO, ICSID and UNCITRAL (INT/00/A27) | 2002 | 2004 | 1'926'594 |

*5. Gender and globalization*

***Proposed***

| | | | | |
|---|---|---|---|---|
| Interregional | The gender impact of globalization - towards new alliances: in response to UNCTAD X (Plan of Action, paras. 8, 9 and 109) the project will analyse, based on a common methodology, the gender impact of globalization at the country level. The operational phase will develop ideas on how to build new alliances between civil society actors and the United Nations in addressing gender imbalances | 2002 | 2004 | 791'000 |

*6. Activities related to the International Institute for Trade and Development in Bangkok*

***Proposed***

| | | | | |
|---|---|---|---|---|
| | The agreement between the Royal Thai authorities and UNCTAD concluded during the tenth session of the Conference envisages a variety of support measures from UNCTAD to the Institute | 2002 | 2003 | 500'000 |

*7. Implementation of paragraph 166 of the Bangkok Plan of Action*

Paragraph 166 of the UNCTAD X Plan of Action states that UNCTAD's existing capacity-building programme should be strengthened.

## E. OFFICE OF THE SPECIAL COORDINATOR FOR LEAST DEVELOPED, LANDLOCKED AND ISLAND DEVELOPING COUNTRIES

*The main priority of the Office of the Special Coordinator in 2002 will be the follow-up activities to LDCIII. At the time of the preparation of this document details concerning these activities were not yet fully defined. An addendum to this document will be issued shortly containingin this information.*

*In the meantime the Office of the Special Coordinator continues to implement ongoing projects and to respond, subject to financial resources, to requests from beneficiaries.*

## F. OTHER TECHNICAL COOPERATION PROGRAMMES

*In addition to the above projects to be implemented at divisional level, the following programmes are proposed for implementation at the cross-divisional level.*

| Project No. | Short title | Duration/ completion (a) | Budget/ balance of funds (a) |
|---|---|---|---|

### *1. Civil Society*

***Ongoing***

| | |
|---|---|
| Interregional | Civil Society activities (follow up to UNCTAD X) (INT/99/A49: INT9X9CC) |
| Interregional | Civil Society participation (INT/99/A67: INT9X9CM) |

### *2. Support to the Arab States in economic and social reform:*

***Proposed***

*The following proposals to be financed under a regional project in favour of Arab States are under consideration by UNCTAD, beneficiary countries and potential donors.*

| | |
|---|---|
| Regional Arab States | Integration of the Arab countries into the international trading system. Assistance is proposed in the following areas: commercial diplomacy training and research in the Arab States; Euro-Mediterranean (Phase II); Regional workshop on the Arab States' external debt; analysis of the balance of payment of Arab States; trade and environment; competition policies; enabling environment for foreign investment (Phase II); intensive training course on the analysis and negotiation of international investment agreements for Arab States; TRAINFORTRADE; TRAINMAR; promotion of electronic commerce; expanding the GTPNet in Arab States through the implementation of an Arab/Mediterranean Trade Point Forum; modern trade finance and credit information |

| Project No. | Short title | Duration/ completion (a) | | Budget/ balance of funds (a) |
|---|---|---|---|---|
| | To respond to this request UNCTAD is seeking to strengthen its technical assistance and capacity-building activities through the implementation of regular training courses (Development Account). Details regarding proposals mandated by paragraph 166 of the UNCTAD X Plan of Action are included in document TD/B/WP/137 | | | |
| ***Ongoing*** | | | | |
| Interregional | First training course (INT0T1AS) | | | |
| ***Proposed*** | | | | |
| Interregional | Capacity-building on key issues on the international economic agenda (Development Account) | 2002 | 2003 | 960'000 |

(a) In US Dollars. this refers only to projects listed under "***Proposed***" Duration/completion refers to either year in which project activities will start or to full project duration

## Country/territory/region codes

### A

| | |
|---|---|
| AFG | Afghanistan |
| ALB | Albania |
| ALG | Algeria |
| ANG | Angola |
| ANL | Anguilla |
| ANT | Antigua and Barbu |
| ARG | Argentina |
| ARM | Armenia |
| ARU | Aruba |
| AZE | Azerbaijan |

### B

| | |
|---|---|
| BAH | Bahrain |
| BAL | Baltic States |
| BAR | Barbados |
| BDI | Burundi |
| BEN | Benin |
| BER | Bermuda |
| BGD | Bangladesh |
| BHA | Bahamas |
| BHU | Bhutan |
| BIH | Bosnia and Herzegovina |
| BKF | Burkina Faso |
| BOL | Bolivia |
| BOT | Botswana |
| BRA | Brazil |
| BRU | Brunei Darussalam |
| BUL | Bulgaria |
| BVI | British Virgin Islan |
| BYE | Belarus |
| BZE | Belize |

### C

| | |
|---|---|
| CAF | Central African Republic |
| CAM | Central America (regional) |
| CAR | Caribbean (regional) |
| CAY | Cayman Islands |
| CHD | Chad |
| CHI | Chile |
| CIS | Commonwealth of Independent States (regional) |
| CKI | Cook Islands |
| CMB | Cambodia |
| CMR | Cameroon |
| COI | Comoros |
| COL | Colombia |
| COS | Costa Rica |
| CPR | China |
| CRO | Croatia |
| CUB | Cuba |
| CVI | Cape Verde |
| CYP | Cyprus |
| CZE | Czech Republic |

**D**

| | | | |
|---|---|---|---|
| DJI | Djibouti | DRK | Democratic People's Republic of Korea |
| DMI | Dominica | | |
| DOM | Dominican Republic | | |

**E**

| | | | |
|---|---|---|---|
| ECU | Ecuador | ERI | Eritrea |
| EGY | Egypt | EST | Estonia |
| ELS | El Salvador | ETH | Ethiopia |
| EQG | Equatorial Guinea | | |

**F**

| | |
|---|---|
| FIJ | Fiji |

**G**

| | | | |
|---|---|---|---|
| GAB | Gabon | GRN | Grenada |
| GAM | Gambia | GUA | Guatemala |
| GBS | Guinea-Bissau | GUI | Guinea |
| GEO | Georgia | GUY | Guyana |
| GHA | Ghana | | |

**H**

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|---|---|---|---|
| HAI | Haiti | HUN | Hungary |
| HON | Honduras | | |

**I**

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|---|---|---|---|
| IND | India | IRQ | Iraq |
| INS | Indonesia | IVC | Côte d'Ivoire |
| IRA | Iran (Islamic Republic of) | | |

**J**

| | | | |
|---|---|---|---|
| JAM | Jamaica | JOR | Jordan |

**K**

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|---|---|---|---|
| KAZ | Kazakhstan | KUW | Kuwait |
| KEN | Kenya | KYR | Kyrgyzstan |
| KIR | Kiribati | | |

**L**

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|---|---|---|---|
| LAO | Lao People's Democratic Republic | LIB | Libyan Arab Jamahiriya |
| LAT | Latvia | LIR | Liberia |
| LEB | Lebanon | LIT | Lithuania |
| LES | Lesotho | | |

**M**

| | | | |
|---|---|---|---|
| MAG | Madagascar | MOL | Republic of Moldova |
| MAL | Malaysia | MON | Mongolia |
| MAR | Mauritius | MOR | Morocco |
| MAT | Malta | MOT | Montserrat |
| MAU | Mauritania | MOZ | Mozambique |
| MCD | The Former Yugoslav Republic of Macedonia | MYA | Myanmar |
| | | MLI | Mali |
| MDV | Maldives | MLW | Malawi |
| MEX | Mexico | | |

**N**

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|---|---|---|---|
| NAM | Namibia | NIC | Nicaragua |
| NAN | Netherlands Antilles | NIR | Nigeria |
| NEP | Nepal | NIU | Niue |
| NER | Niger | | |

**O**

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| OMA | Oman |

**P**

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| PAK | Pakistan | PAR | Paraguay |
| PAL | Palestinian Authority | PER | Peru |
| PAN | Panama | PHI | Philippines |

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|---|---|---|---|
| PNG | Papua New Guinea | PRC | Congo |
| POL | Poland | PUE | Puerto Rico |

**Q**

| | |
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| QAT | Qatar |

**R**

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|---|---|---|---|
| RAF | Africa (regional) | ROK | Republic of Korea |
| RAS | Asia and the Pacific (regional) | ROM | Romania |
| REP | Europe (regional) | RUS | Russian Federation |
| RLA | Latin America and the Caribbean (regional) | RWA | Rwanda |

**S**

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|---|---|---|---|
| SAF | South Africa | STH | Saint Helena |
| SAM | Samoa | STK | Saint Kitts and Nevis |
| SAU | Saudi Arabia | STL | Saint Lucia |
| SEN | Senegal | STV | Saint Vincent and the Grenadines |
| SEY | Seychelles | | |
| SIE | Sierra Leone | STP | Sao Tome and Principe |
| SIN | Singapore | SUD | Sudan |
| SLO | Slovakia | SUR | Suriname |
| SOI | Solomon Islands | SVN | Slovenia |
| SOM | Somalia | SYR | Syrian Arab Republic |
| SRL | Sri Lanka | SWA | Swaziland |

**T**

| | | | |
|---|---|---|---|
| TAI | Taiwan Province of China | TON | Tonga |
| TAJ | Tajikistan | TRI | Trinidad and Tobago |
| TCI | Turks and Caicos Islands | TUK | Turkmenistan |
| THA | Thailand | TUN | Tunisia |
| TOG | Togo | TUR | Turkey |
| TOK | Tokelau | TUV | Tuvalu |

**U**

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|---|---|---|---|
| UAE | United Arab Emirates | URT | United Republic of Tanzania |
| UGA | Uganda | URU | Uruguay |
| UKR | Ukraine | UZB | Uzbekistan |

**V**

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|---|---|---|---|
| VAN | Vanuatu | VIE | Viet Nam |
| VEN | Venezuela | | |

**Y**

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|---|---|---|---|
| YEM | Yemen | YUG | Yugoslavia |

**Z**

| | | | |
|---|---|---|---|
| ZAI | Democratic Republic of the Congo | ZIM | Zimbabwe |
| ZAM | Zambia | | |

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# REPORT ON UNCTAD'S ASSISTANCE TO THE PALESTINIAN PEOPLE

**Prepared by the UNCTAD secretariat**

**Executive summary**

Critical developments in the Palestinian economy during 2000-2001 have exposed long-standing structural weaknesses, which have been aggravated by sharp declines and widespread disruption in economic activity over the period. A high and volatile rate of unemployment, a chronic trade deficit and a widening gap between investment needs and national savings reflect persistent imbalances, which have been reasserted during the recent crisis. While some significant structural changes have occurred over the decade, these were not paralleled by notable improvement in the domestic economy's supply capacity, undermining its ability to create enough jobs for its labour force, produce enough exports to pay for imports and generate savings for financing investments. Furthermore, the weak contribution of domestic sources to growth of national income increases the economy's vulnerability to external shocks.

Despite the progress in institution building, regulatory reform and economic policy formulation made during the 1994-1999 interim period ushered in by the Israel-Palestine peace accords, over nine months of economic crisis have reversed many of these gains. In addition to losses of at least a quarter of national income and damage to economic and trade infrastructure, the crisis has resulted in sharp falls in Palestinian household income, massive unemployment and increasing poverty. The Palestinian Authority will need to elaborate swiftly a programme of recovery and reconstruction in the context of a sustained economic policy formulation process. While UNCTAD technical assistance to the Palestinian people has attempted to respond to some of the new needs generated by the crisis in the trade and related services sectors, it has maintained a focus on long-term capacity building efforts. Operational activities aim to match the secretariat's core technical competencies with the development needs of the Palestinian Authority and targeted donor finance. In doing so, the secretariat has further strengthened its cooperation with concerned international agencies and donors in providing concrete assistance to the Palestinian people.

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# Chapter I

# DEVELOPMENTS IN THE PALESTINIAN ECONOMY, 2000-2001

## A. Persistent structural weaknesses

1. Developments in 2000-2001 have not only had a debilitating impact on all economic and social sectors of the occupied Palestinian territory but have also exposed some underlying structural weaknesses in the Palestinian economy which have confounded its sustained development for many years.[1] The recent crisis has served to focus attention again on these key weaknesses and the adverse development path that they imply for the Palestinian economy. Pursuing a recovery begun in late 1997, the Palestinian economy enjoyed vigorous growth in 1998-1999, with real gross domestic product (GDP) estimated to have grown by 6 per cent in 1999.[2] Real per capita gross national income (GNI) growth was estimated at 3.5 per cent, bringing per capita GNI to $1,965. GDP and GNI growth had been projected to continue in 2000, albeit at lower levels, and it appeared for a brief moment during that year that the economy was set on a more sustainable path of growth.

2. However, the Palestinian economy during the interim period continued to feature chronic imbalances. Previous reports and studies by UNCTAD have analysed deep-seated and persistent structural problems facing the Palestinian economy.[3] Insufficient job-creation, a low savings rate and poor export performance all point to chronic weaknesses on the supply-side of the economy, which perpetuates excessive reliance on the Israeli economy. This in turn makes the Palestinian economy particularly vulnerable to external shocks and undermines efforts to establish a more stable macroeconomic environment, necessary for the emergence of a sustainable growth path.

3. Despite the progress in institution building, regulatory reform and economic policy formulation made during the 1994-1999 interim period ushered in by the Israel-Palestine peace accords,[4] the findings of previous research appear even more pertinent in the light of recent developments. The interplay between long-standing constraints and new pressures may be illustrated in several aggregate indicators, which portray the continuing Palestinian economic predicament and highlight the vulnerability of the economy to external shocks, such as those experienced in 1991, 1994, 1996 and again in 2000 (see table 1):

- The imbalance between the supply of and demand for labour, as reflected in the volatile unemployment rate, which rose sharply at critical points during the interim period and had begun to sustain a decline until the crisis generated thousands of new unemployed overnight. Coupled with the high proportion of the labour force that is employed in Israel, the weak absorptive capacity of the domestic economy is further underlined.

- The sustained imbalance in external trade and payments, with a trade deficit that has increased steadily before and during the interim period, to the equivalent of over half of domestic product. While less vulnerable to the impact of external shocks than unemployment, the trade deficit remains powered by a weakening export capacity and unrestrained consumption patterns encouraged by a relatively open import structure.

- The incapacity of the economy to generate adequate national savings to meet public and private investment needs, as reflected in the growing gap between national savings and investment.

4. With the high degree of uncertainty generated by these structural problems, compounded by the impact of prolonged occupation, strife and the transitional nature of interim period arrangements, investment in productive activities has remained weak. The low level of capitalisation that continues to impede the development of the industrial base is in contrast to the significant share of gross capital formation, equivalent to a third of GDP and mainly constituted by private investment. Investment continues to be heavily concentrated in construction activity, especially for residential purposes, continuing trends that emerged in the 1980s with the growing role of external sources of income.[5]

5. The slow implementation of public investment infrastructure projects has also discouraged the Palestinian private sector and foreign investors from undertaking capital-intensive projects in the productive sector. Foreign direct investment (FDI) has remained limited over the interim period, notwithstanding some initiatives, mainly by Palestinian expatriate investors, that produced some short-term yields but limited strategic commitment in an uncertain environment. Despite the range of incentives offered to foreign investors (long tax holidays, investment guarantees, national treatment and free repatriation of capital), FDI is concentrated in construction, real estate and tourism sectors.

6. Notwithstanding the persistence of imbalances, some significant structural changes have taken place during the interim period, in particular a marked decrease in the share of the agricultural sector of GDP, coupled with growth in the share of industrial output.[6] Recovery in the industrial sector and reinvigorated growth in services, especially in tourism-related branches, helped to spur GDP growth from 1997, while unemployment fell to 12 per cent from 24 per cent in 1996. The trade deficit had stabilized, albeit at a very high level. However, the supply capacity of the domestic economy remained constrained.[7] GDP's limited contribution to national income reflects a continued reliance on the export of labour services, almost wholly to Israel, for stimulating growth.[8]

7. These internal constraints aside, the Palestinian economy's uneven performance has been increasingly associated with the trade regime governing the economy, based on the Israeli-Palestinian "Protocol on Economic Relations" and the implementation shortcomings it faced during much of the interim period. Needless to say, the Protocol, which shares many features of a customs union, has allowed the Palestinian economy to reap some benefits, as pointed out in UNCTAD reports since 1994. However, its operation beyond the transitional period for which it was conceived imposes strict parameters on the trade and development options available to the Palestinian economy, by locking in distortions in the quantities and sources of Palestinian imports and maintaining high levels of Palestinian prices and tariffs.

8. The interim period arrangements encouraged a skewed integration of the economy with the more advanced and higher-income Israeli economy, as manifested in the scale and channels of concentration of trade with Israel. Meanwhile, newly created Israeli-Palestinian commercial interests within the interim customs union have sometimes favoured tendencies towards largely unproductive, rent-seeking activities.[9] Coupled with cumbersome customs, overland transport and clearance procedures, as well as poor physical infrastructure, industrial competitiveness is further undermined by inflated transaction costs.

**Table 1**

Palestinian economy (West Bank and Gaza Strip) - Main aggregate economic indicators 1993-2000

| YEAR | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|---|---|---|
| *Generation of resources* | | | | *Current million US$* | | | | |
| Gross domestic product (GDP) | 2759 | 2624 | 3112 | 3413 | 3882 | 4156 | 4622 | *3986* |
| Net factor income | 620 | 575 | 500 | 469 | 512 | 855 | 879 | *564* |
| Gross national income (GNI) | 3380 | 3199 | 3612 | 3882 | 4394 | 5011 | 5501 | *4550* |
| Net current transfers | 278 | 559 | 349 | 594 | 340 | 372 | 268 | *400* |
| Gross national disposable income (GNDY) | 3657 | 3758 | 3961 | 4476 | 4734 | 5383 | 5769 | *4950* |
| *Use of resources* | | | | | | | | |
| Consumption | 3068 | 3334 | 3510 | 4297 | 4724 | 4921 | 5362 | *4983* |
| Investment | 655 | 960 | 1195 | 1177 | 1417 | 1684 | 1849 | *1594* |
| National savings | 589 | 424 | 451 | 179 | 10 | 462 | 407 | *-33* |
| National savings - Investment | -66 | -535 | -744 | -999 | -1407 | -1222 | -1441 | *-1627* |
| Trade balance | -964 | -977 | -1401 | -1856 | -2074 | -2439 | -2588 | *-2600* |
| *Memorandum items* | | | | *Thousands* | | | | |
| Population | 2090 | 2060 | 2149 | 2279 | 2575 | 2683 | 2799 | *2923* |
| Labour force | 380 | 412 | 451 | 479 | 596 | 667 | 683 | *787* |
| Employed in Israel | 84 | 70 | 75 | 76 | 77 | 119 | 135 | *100* |
| Unemployed | 24 | 62 | 81 | 114 | 128 | 86 | 79 | *295* |
| | | | | *Current US$* | | | | |
| GDP per capita | 1320 | 1274 | 1448 | 1498 | 1508 | 1549 | 1651 | *1364* |
| GNI per capita | 1617 | 1553 | 1681 | 1703 | 1706 | 1868 | 1965 | *1557* |
| | | | | *Per annum growth (current prices)* | | | | |
| GDP per capita | | -4 | 14 | 3 | 1 | 3 | 7 | *-12* |
| GNI per capita | | -4 | 8 | 1 | 0 | 9 | 5 | *-17* |
| | | | | *Per cent* | | | | |
| Savings-investment / GNDY | -9 | -14 | -19 | -22 | -30 | -23 | -25 | *-33* |
| Trade balance / GDP | -35 | -37 | -45 | -54 | -53 | -59 | -56 | *-65* |
| Unemployed / labour force | 6 | 15 | 18 | 24 | 22 | 13 | 12 | *37* |

Sources: Data for 1993 are calculated from Israel Central Bureau of Statistics, *Statistical Abstract of Israel*, 1995; All data for 1994-1999 from Palestinian Central Bureau of Statistics (PCBS), *National accounts*, 1994-1999, while some 1999 indicators are calculated according to previous years' averages; Data for 2000 are UNCTAD estimates based on preliminary data for 2000 published by PCBS in February 2001, taking into account the impact of the crisis.

9. Moreover, Palestinian exporters operate under difficult market access conditions, which have effectively nullified the potential benefits offered by the preferential trade agreements negotiated with various partners since 1994. This has impeded trade diversification, which has restrained further the expansion of supply capacity.[10] Trade also has been hindered by Israeli border closures and measures affecting the movement of goods and labour. This deprives the economy of labour income from Israel and discourages trade with the rest of the world. The impact is both immediate and longer-term, given the time needed by the economy to recover, as witnessed in 1998-1999 as compared to 1996-1997.

### B. A widespread economic crisis with far-reaching repercussions

10. Developments in the Palestinian territory during the period since October 2000 covered by this report have been dominated by a range of unprecedented restrictions on flows of goods, labour and financial resources, generating a widespread economic crisis with immediate and longer-term implications for economic development. Restrictions on movement were especially pronounced in the case of closure of international borders between the Palestinian territory and Israel, Jordan and Egypt, effectively isolating the Palestinian territory from the rest of the world. Border closures were in effect for three-quarters of the working days during the period 1 October 2000 - 31 January 2001 alone, while Gaza International Airport was closed for half of the working days during the same period.[11]

11. The flow of goods was also hampered between periods of full closure, with tightened security arrangements at commercial crossings limiting the working hours and the number of truckloads allowed to cross the borders. Flows of goods and labour were further restricted by internal closure measures, whereby roads to cities and villages in the West Bank and Gaza Strip were permanently or temporarily sealed off for most of the period, creating 54 fragments of isolated areas under Palestinian Authority (PA) jurisdiction. Meanwhile, the failure to operate the safe passage between the West Bank and Gaza Strip (except for a brief period in 1999-2000) undermined the tenuous economic integrity of the West Bank and Gaza Strip, which the interim period accords were intended to guarantee.[12]

12. The impact of border closures and other restrictions on movement was compounded by economic sanctions applied for different periods since late 2000. Most notable in this respect was withholding of indirect tax and customs revenues owed by Israel to the PA, estimated to have reached $190 million by April 2001.[13] Trucks and commercial shipments destined for Palestinian importers via Israeli ports were delayed or withheld for security and other controls for indeterminate periods. Producers and consumers also faced repeated shortages of raw materials, such as cement and chemicals, as well as fuel supplies, cereals and other bulk imports that are sensitive to border restrictions or prohibitions on entry to the territory.[14]

13. These measures have taken a mounting toll on the Palestinian economy, depriving it of its main sources of income. The economy's resources have been drained, with losses estimated at between $2–3 billion in the first six months alone, according to different sources.[15] This includes losses accrued from declining labour income from Israel (accounting for around 20 per cent of total losses) and from declines in most domestic sectors. In addition, indirect losses (destruction of infrastructure) are estimated at well over $200 million for the same period.[16] With domestic output cut by almost half in October-December 2000, per capita GNI is estimated to have declined by around 20 per cent in 2000 as compared to the

previous year.[17] In a survey of economic losses undertaken by the Palestinian Central Bureau of Statistics (PCBS) covering the period October-November 2000, manufacturing and construction activities were shown to have incurred the highest losses, together accounting for about 40 per cent of the decline in GDP.

14. The rate of unemployment grew rapidly and sharply. Some 300,000 Palestinians, equivalent to around two-fifths of the labour force, were reported to be jobless by mid-2001. Poverty indicators grew sharply during the period 1 October 2000 –31 January 2001, with more than 1 million people, or one third of the Palestinian population, living below an estimated poverty line of $2.10 per day.[18] When measured in terms of the deterioration of household income, it is estimated that the income of 64 per cent of Palestinian households had fallen below $400 per month (for a household of six).[19] The economy has fallen into growing indebtedness, with the private sector experiencing a liquidity crunch, while the PA budget deficit is expected to expand to $524 million by the end of 2001, or around 25 per cent of the year's projected emergency budget.[20]

15. Key members of the donor community were quick to respond to urgent needs generated by the crisis, providing budget support and implementing emergency projects for assisting the disadvantaged and unemployed.[21] The Arab States Summit Meeting in October 2000 decided to raise $1 billion in relief and aid, though the disbursement of committed funds has been insufficient to respond to the scale and scope of needs. While around $700 million were pledged by mid-2001, $270 million was disbursed, partially in the form of a "soft" loan, to provide budgetary support for a nine-month period, in addition to at least $40 million granted for emergency assistance. Meanwhile the European Union granted 87 million euros to help the PA meet urgent expenses, and the World Bank approved a grant of $12 million to provide employment for Palestinian workers previously working in Israel. These important support measures were paralleled by initiatives by donors and international organizations, entailing emergency job creation, food aid, social services and budgetary support.

16. While it is clear that the costs of the crisis are significant, less apparent is how the economy will recover and how long that will take.[22] The United Nations Special Coordinator in the Occupied Territories stated as early as December 2000 that "what was achieved in progress in the living conditions of the Palestinians over the last three years has been completely destroyed over the last two months".[23] The crisis diverted the donor community's attention away from development projects to emergency job creation, resulting in the suspension of infrastructure and long-term technical assistance projects that were designed to improve the economy's supply capacity. Restrictive measures, meanwhile, aggravated structural weaknesses, threatening further deterioration in living conditions. Key investment projects were suspended, given the heightened political and economic risks.

17. Tourism, transport and related services, highly sensitive to such turbulence, faced particularly significant pressures after several years of sustained new investment in the sector. Meanwhile agricultural performance deteriorated further, with farmers forced to leave the harvest in the fields to avoid incurring additional costs.[24] Agricultural exports registered sharp decline at a time when increased exports were needed to help finance investments to develop the sector's productivity. This, in turn, impedes the structural transformations required for reversing chronic imbalances within the economy, in particular its heavy reliance on external resources for stimulating growth and hence its vulnerability to shocks.

18. The capacity of the PA to address the development needs of the Palestinian people, which was limited to begin with, has been further curtailed. Its ability to sustain social services is over-burdened, with resources re-allocated towards emergency projects. By mid-April 2001, the PA had incurred $630 million to cover the costs associated with ameliorating heath, social and education services, provision of food stocks for the poor and the rehabilitation of damaged infrastructure and other losses.[25] Meanwhile, public debt obligations are rising steadily, with loans accounting for a growing share of aid. Considering the declining trend of donor aid, the sustainability of development efforts is further threatened. Confronted with weakening terms of trade for labour-intensive products and poor market access conditions for exports, the task of developing the Palestinian economy appears more formidable than ever.

### C. Prospects for sustained development of the Palestinian economy

19. As illustrated above, PA economic policy-makers are faced with daunting challenges immediately and in the coming years. These will have to be addressed regardless of the ultimate impact of the 2000-2001 Palestinian economic crisis or of the exact point in time at which a semblance of normalcy is re-established in economic activity and relations with Israel and the rest of the world. Both the structural and the 'transitional' pressures facing the Palestinian economy, which the preceding paragraphs have outlined, are by now well known to the PA and to the international community. While the diagnosis and analysis of these pressures is a necessary prerequisite for effective policy action, of greater concern now is the swift elaboration of a recovery and reconstruction programme in the context of a more sustained economic policy formation process. It is not in the scope of this report to prescribe solutions or to predict how the Palestinian economy will fare in the future. Indeed, there are few, if any, surprise or secret formulae to follow: the analyses of development challenges and policy options undertaken by Palestinian and international sources, including UNCTAD, have addressed many of the sectoral and policy angles of this question. The PA certainly is aware of the range of policy measures to which it can resort in the current circumstances and the economic policy decisions it must consider as it seeks to build a "national economy".

20. Foremost in this regard will be designing and implementing short-term policies and programmes to help the economy absorb the latest shock and begin to recover. In the first instance, considerable social relief and welfare support is required to help those households rendered destitute by the crisis. Certainly the removal of restrictions imposed over the past year on the trade and labour flows will alone provide an important impulse to generate the necessary income and production to stimulate aggregate demand. But this will not be sufficient to jump-start investment and promote exports, both of which will continue to be highly vulnerable to the structural weaknesses outlined above. Nor can the emergency job-creation programmes already initiated have a major impact in reducing Palestinian unemployment, especially without a return to previous levels of employment in Israel.

21. Hence, more vigorous, targeted efforts will be required, aimed at encouraging the creation of viable employment opportunities in the domestic economy, beginning with those sectors which had to release labour during the crisis, as well as other branches whose potential contribution to growth, exports and job creation had already been established though not yet demonstrated owing to inadequate investment and uncertain export marketing prospects. The role of international agencies, along with the renewed commitment of donors, will be instrumental in providing the PA with the technical advice, training and financial

support needed to launch a credible programme to steer the economy onto a path of sustained growth.

22. Already in 2000, in close collaboration with the International Monetary Fund, the PA had begun to plan for an "Economic Policy Framework", supervised by a Higher Council for Development, to ensure that "economic policies over the coming years make a positive and significant contribution to overcoming the challenges facing the Palestinian economy".[26] While the developments of the past year forced an interruption of implementation of this important policy-making exercise, the PA will need to soon pick up where it left off. In a sense, the 2000-2001 crisis has provided the PA with an opportunity to re-focus and reinvigorate this exercise, taking into consideration both structural trends and more recent directions. As noted in an assessment by UNCTAD of economic achievements and pending tasks of the interim period, completed on the eve of the crisis:[27]

> It is now widely accepted that, as the PA prepares to assume national government responsibilities, a far-reaching policy statement is needed. This would help shape institution-building efforts, reform measures and reconstruction programmes and guide strategic development policy elaboration. It would also equip policy-makers with studied and quantifiable assessments of the long-term economic and financial costs and benefits of pursuing an alternative development path. Furthermore, it would be indispensable as a reference tool for economic negotiations at bilateral, regional or global levels.

23. Until the situation has stabilized enough to permit PA policy-makers to again concentrate on strategic policy prerequisites, it is only to be expected that attention will remain focused on the immediate economic and social needs generated by the crisis. Nevertheless, following a decade of economic crises and recoveries, high expectations and unmet promises, the recent crisis has in fact reaffirmed the strong interdependence between development and peace. Just as the crisis has highlighted that sustained development of the Palestinian economy is doubtful under current circumstances or those that prevailed during the interim period, so will a persistent Palestinian development effort help to create the conditions on the ground to foster long-term stability and peace. Indeed, recent quantitative research[28] undertaken by the UNCTAD secretariat has demonstrated the possibility and viability of redressing the imbalances and distortions reviewed above, which have crippled the Palestinian economy for decades. In the light of the discouraging developments of the past year reviewed above, this concluding reference to that exercise aims to reassert confidence in the realistic hopes for a better development future for the Palestinian people, after many years of deprivation.

## Chapter II

## UNCTAD'S TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE

### A. Framework, objectives and completed activities 1997-2001

24. In accordance with the United Nations medium-term plan for 1998-2001, the technical assistance provided by UNCTAD to the Palestinian people has evolved into a multifaceted and integrated programme of technical cooperation, drawing upon the expertise of the secretariat as a whole. When UNCTAD embarked on activities of technical assistance to the PA in 1995-1997, the focus of technical assistance was determined by the priority needs identified by the PA at the early stage of its reconstruction and development programme. However, as the range of technical assistance needs has since widened, the secretariat's expertise and corresponding capacity to respond effectively has also grown, while PA capacities to absorb such assistance has improved. This was recognised in paragraph 167 of the Plan of Action adopted at UNCTAD X, which welcomed the secretariat's assistance to the Palestinian people and called for it to be intensified. Accordingly, by 2000, UNCTAD's activities had assumed a clearer programmatic focus, clustered under four headings:

- Trade policies and strategies;
- Trade facilitation and logistics;
- Finance and development; and,
- Enterprise, investment and competition policy.

25. On the basis of analytical and empirical investigation in each of these areas and specific technical assistance needs identified by the PA, the secretariat has been able to design and deliver targeted technical assistance in areas of its competence. In some areas, UNCTAD technical assistance not only builds capacities, but actually creates new capacities to address new problems faced by the PA. In each of these programme areas, advisory services, group training and other modalities of technical assistance are deployed with the overall aims of:

- Bolstering PA policy-making, managerial and institutional capacities to enhance performance of the trade, public finance and related services sectors; and
- Contributing to the creation of an appropriate enabling environment to mobilize the development potentials of the Palestinian private sector.

26. As shown in table 2, by mid-2001 five projects had been implemented and operational activities were ongoing under three others, while start-up activities in three new projects were about to commence. By 2001, the secretariat had secured 65 per cent (almost $2 million) of the total funds required to implement all UNCTAD technical assistance proposals prepared since 1997. This marks a significant improvement over previous years, as new PA requests for assistance have emerged and donor support for UNCTAD's technical assistance activities has grown. Around $1 million in extrabudgetary resources is still sought for activities in two ongoing (partially funded) projects and 10 proposed (unfunded) projects requested by the PA, including urgent technical assistance prompted by the recent crisis (see section C below).

27. While the secretariat was poised in mid-2000 to commence implementation of three major new development projects, this expected intensification of assistance was abruptly suspended owing to the deterioration in the field situation as from October. In addition to postponing commencement of the three above-mentioned projects, other advisory services and training activities were halted. Accordingly, actual expenditures on technical assistance projects in 2000-2001 could not keep up with the growth in pledged resources. These developments highlight the extent to which UNCTAD's contribution in this area can best be realised in normal and stable conditions within the context of an integrated and systematic approach and well co-ordinated with related international programmes. While the situation over the year rendered the provision of technical assistance more complicated and enforced a more prudent pace, modalities were identified to permit a gradual resumption of work in several projects in 2001, especially those for which resources already exist.

### B. Major operational activities under way and priority proposed activities

28. UNCTAD's technical assistance activities for the PA programmed prior to the recent crisis resumed in mid-2001, with project activities under way in each of the four programme areas mentioned above and four other proposed priority projects yet to commence, pending availability of resources. The following paragraphs briefly review progress in these areas, with additional information on completed and ongoing projects presented in table 2.

#### 1. Trade policy and strategy

29. The secretariat was able to continue advisory services and training activities, in Geneva and in the field, under two closely related projects, namely *Training programme in international commercial diplomacy Phase II* and *Bilateral and regional trade arrangements*. In this respect, expert briefings and high-level consultations were arranged by the secretariat for a PA delegation in Geneva in February and May 2001 regarding Palestinian preparations for greater integration into the multilateral trading system. Furthermore, UNCTAD commercial diplomacy training materials are being adapted by PA trainers for use in series of UNDP-funded workshops for the Palestinian private sector, to be conducted by PA, UNCTAD and Arab experts. UNCTAD has also been requested to conduct a field training session for a PA Technical Advisory Team on issues related to trade in services. Both activities are programmed for the summer of 2001, circumstances permitting. Meanwhile, advisory services on regional trade issues, bilateral trade policy and trade in services are also continuing during 2001.

30. Under this programme heading, work on two other priority projects has not been able to begin owing to lack of funding. The PA has requested assistance in *Transit trade and transport*, in particular with regard to preparing transit trade framework agreements with immediate neighbours, an area that has increased in significance in the wake of the recent crisis. So far UNCTAD has only been able to offer limited advisory services. A project to assist the PA in *International procurement of strategic food commodities* is also pending, notwithstanding the increasing problems faced by the PA in this area and the recent announcement of a major PA project to establish grain silos in three sites in the territory.

#### 2. Trade facilitation and logistics

31. Significant progress was made in preparing for new concrete assistance by UNCTAD in this sector, with approval of an *ASYCUDA + + Preparatory Assistance Project for the PA*.

The project is to be funded by the Palestinian Economic Council for Reconstruction and Development (PECDAR), which administers the World Bank Technical Assistance Trust Fund (TATF) for the PA. Activities in 2001 are the first of a three-phase capacity building project, during which UNCTAD will provide the PA with comprehensive training in the essential elements of customs modernization programmes, aimed at building the capacities of managers and staff. This will include training on information technology and automation through the ASYCUDA++ system. Moreover, concrete proposals will be made for the implementation of simplified customs procedures adapted to an automated environment, as well as required changes in the related legislative and regulatory framework. A prototype version of ASYCUDA++ will be built, installed and tested at Customs Headquarters.

32. Another important project proposal in this sector aims to strengthen *Managerial and institutional capacities for Gaza Seaport*, including helping to mobilize the Seaport Authority (SpA), assessing legal issues and preparation for TRAINMAR, updated in late 2000 following an UNCTAD expert mission to Gaza. Though construction of the Seaport halted in October 2000, institutional and legal preparations were due to resume in mid-2001, prompting a request by the SpA that UNCTAD proceed with efforts to secure funding for technical assistance activities in this area, including a technical assessment of transitional maritime transport alternatives for the PA.

### 3. Finance and development

33. One area of UNCTAD's technical assistance that is helping the PA to create new capacities to meet the challenge posed by a growing public debt is the project for installing the *Debt Monitoring and Financial Analysis System (DMFAS)*, which was due to commence in October 2000. Though field activities could not be launched as planned, initial work was completed on the institutional design of the Public Debt Directorate of the Ministry of Finance and preparations for a study on debt strategies and policies. Meanwhile, it was agreed with the PA to re-phase the project work plan to permit full implementation as of summer 2001. This project is of special interest because of the still-emerging PA public debt position and the synergies possible with other DMFAS projects in the region through sharing of expertise and development of an Arabic-language version of DMFAS 5.2. As DMFAS becomes operational with the PA, its linkages to other financial and economic analysis systems (including the secretariat's *Palestinian macroeconomic simulation framework* project, which is still unfunded) could further develop abilities to manage financial resources and elaborate economic policies.

### 4. Investment, enterprise and competition

34. UNCTAD's technical assistance activities in these areas were to have entered a new phase in 2000 with commencement of the project to support *Small and medium-sized enterprise (SME) development (EMPRETEC)*. Though a project document was agreed with the PA counterpart (Palestinian Banking Corporation) in mid-2000, project activities, which are highly dependent on stable field conditions, could not be initiated. However, the recent crisis has rendered the contribution of this project, to be closely coordinated with other bilateral and multilateral programmes in the area of SME development, even more pertinent. Not only will it help to create new capacities and opportunities for SME entrepreneurs, who were especially hard-hit by the crisis, but it will also help to build a solid client basis for the

development finance funds for this sector being provided increasingly by donors through the local banking system.

### C. UNCTAD/ITC response to PA economic crisis and inter-agency coordination

35. The need to reorient the Palestinian economy towards more balanced relations with Israel was pertinent even prior to the recent crisis, given the Palestinian trade sector's disappointing performance record over the past few years. As shown in chapter I, the crisis cast new doubts on the framework and underlying premises of trade and economic policy since 1994. And the course of economic cooperation to which the two parties had been committed is under careful scrutiny by both sides, in line with the evolving situation on the ground. Experts and policy makers are confronted with the need to reconsider the existing trade regime in terms of its capacity to respond to development priorities. The acceleration of the twin processes of globalization and liberalization, the declining terms of trade for labour-intensive products, and the poor market access conditions facing developing countries pose major challenges with significant implications for the development prospects of the Palestinian economy.

36. Within this context of reappraisal and reorientation, in December 2000 the PA requested urgent, coordinated technical assistance from UNCTAD and the UNCTAD/WTO International Trade Centre (ITC) in responding to immediate pressures while planning for viable alternatives to present economic and trade arrangements. Consultations between the PA, UNCTAD and ITC identified a number of specific areas for assistance which fall within the areas of technical competence and work programmes of both agencies. Proposed technical assistance activities are clustered within three areas: trade logistics and infrastructure, market diversification and trade support measures; and trade policy support. These areas for assistance reflect new, immediate needs posed by the current situation and the challenges posed by the emergence of a distinct Palestinian economy; they also respond to the short and long-term imperatives of diversifying and facilitating Palestinian trade.

37. Technical assistance from UNCTAD and ITC proposed at this stage would aim to produce within a short timeframe of six months in-depth appraisals of policy options and technical choices, policy and technical action plans, as well as project documents for follow-up technical or capital assistance projects. In order to address these urgent needs and reply to the PA appeal in a comprehensive and sustained manner, it is estimated that $405,000 would be required in extrabudgetary resources. While UNCTAD/ITC assistance can play a catalytic, technical role in preparing the way for some major projects considered as prerequisites for the reorientation and restructuring of Palestinian external trade, it would be up to the PA and donors to direct this assistance into operational projects and programmes. In early 2001, the Secretary-General of UNCTAD and the Executive Director of ITC addressed a request to bilateral donors and multilateral funding agencies for financial support to enable the PA to implement these projects, but no contributions have been forthcoming.

38. Meanwhile, the secretariat has intensified its contribution to inter-agency coordination and harmonization. Close working relations with related efforts and concerned international agencies are a built-in feature of all UNCTAD technical assistance activities and have been proven to create synergies and benefits for all partners. The secretariat made substantive contributions to several coordination and consultation meetings in which it participated during the period, including an Islamic Development Bank meeting on strengthening the

Palestinian economy (Cairo, 28-29 January, 2001), the United Nations Seminar on Assistance to the Palestinian People (Vienna, 20-21 February 2001) and the annual United Nations Inter-Agency Meeting (Gaza, 27-28 June 2001).

**Table 2**

UNCTAD programme of technical assistance to the Palestinian People, 1997-2002 (at 30/6/2001)

| Programme/Project (Partially funded and unfunded projects are indicated in italics) | PA Counterpart | Duration | Funding status (US$ - excl. AOS) | | | Source of Funding* | Implementation Status |
|---|---|---|---|---|---|---|---|
| | | | Total Budget | Pledges | Expenditures | | |
| **TRADE POLICIES AND STRATEGIES** | | | | | | | |
| TPS1: Training programme in international commercial diplomacy: PHASE I | Ministry of Economy and Trade | 1998-1999 | 70,000 | 70,000 | 70,000 | UNITAR UNDP, UNCTAD | Implementation completed 1999: three group training workshops. |
| TPS2: Training programme in international commercial diplomacy: PHASE II | Ministry of Economy and Trade | 2000-2001 | 110,000 | 65,000<br>37,000 | 25,000<br>- | United Kingdom UNDP | Implementation commenced 2000; local training workshops in 2001 |
| *TPS3: Bilateral and regional trade arrangements* | Ministry of Economy and Trade | 1998-2000 | 90,000 | 35,000<br>13,000 | 35,000<br>- | UNCTAD UNDP | Expert and advisory services 1998-1999; new activities on regional issues 2001. |
| *TPS4: Transit trade and transport* | Ministry of Economy and Trade | 2000-2001 | 30,000 | 3,000 | 3,000 | UNCTAD | Advisory/expert services and group training workshop; funding sought. |
| *TPS5: International procurement of strategic food commodities* | Ministry of Supply | 2001-2002 | 103,000 | - | - | - | Revised project proposal approved by PA; donors approached. |
| **TRADE FACILITATION AND LOGISTICS** | | | | | | | |
| TFL1: Strengthening operational capacities in customs administration | Ministry of Finance | 1997-1999 | 20,000 | 20,000 | 20,000 | UNCTAD | Assessment missions 1997 and ASYCUDA presentation 1999. |
| TFL2: PA sub regional cooperation with Egypt and Jordan: PHASE I | Ministry of Economy and Trade | 1998-1999 | 110,000 | 110,000 | 110,000 | UNDP | Implementation complete 1999; follow-up advisory services provided 2000. |
| *TFL3: Strengthening trade efficiency: Trade Point Palestine Ramallah* | Ministry of Economy and Trade | 1999-2000 | 170,000 | 60,000<br>30,000 | 60,000<br>30,000 | Italy UNDP | TPPR operational 2000; Gaza follow-up unfunded. |
| *TFL4: PA sub regional cooperation with Egypt and Jordan: PHASE II* | Ministry of Economy and Trade | 2001-2002 | 102,000 | - | - | - | Follow-up project proposal; funding sought. |
| *TFL5: Managerial and institutional capacities for Gaza Seaport, legal issues, TRAINMAR* | Gaza Seaport Authority | 2001-2002 | 82,000 | - | 2,000 | UNCTAD | UNCTAD Port mission proposal approved; training programme under consideration. Funding sought. |

| Programme/Project (Partially funded and unfunded projects are indicated in italics) | PA Counterpart | Duration | Funding status (US$ - excl. AOS) | | | Source of Funding* | Implementation Status |
|---|---|---|---|---|---|---|---|
| | | | Total Budget | Pledges | Expenditures | | |
| TFL6. Preparations for ASYCUDA – Phase I | Ministry of Finance | 2001 | 385,000 | 385,000 | - | PECDAR/ TATF | Project document for preliminary phase approved; funding secured. |
| *TFL7 Human resource development. TRAINFORTRADE* | Ministry of Economy and Trade | 2002 | - | - | 40,000 | UNDP | Initial activities in 1998; new needs assessment pending. |
| *TFL8. Preparations for ASYCUDA – Phases II-III* | Ministry of Finance | 2002-2003 | - | - | - | - | Full installation to be programmed and costed under Phase I; funding sought. |
| **FINANCE AND DEVELOPMENT** | | | | | | | |
| FD1. Strengthening capacities in debt monitoring and financial analysis | Ministry of Finance | 2000-2001 | 531,000 | 531,000 | 20,000 | Norway | Project document signed, resources allocated end-2000, start-up delayed. |
| *FD2. Strengthening capacities of the domestic insurance sector* | Ministry of Finance | 2001 | 150,000 | - | - | - | Advisory services 1997; new assessment mission and proposal update pending. |
| *FD3. Palestinian macroeconomic simulation framework* | Ministry of Economy and Trade | 2000-2001 | 50,000 | - | - | - | Advisory services and group training workshop, funding sought. |
| INVESTMENT, ENTERPRISE AND COMPETITION | | | | | | | |
| IEC1. Feasibility of Nablus industrial estate | Ministry of Industry | 1997-1999 | 260,000 | 260,000 | 230,000 | UNDP | Implementation completed 1999. |
| IEC2. Support for small/medium-size enterprise development (EMPRETEC) | Palestinian Banking Corporation | 2001-2002 | 300,000 | 300,000 | - | Italy | Project document approved; start-up delayed until 2001. |
| *IEC3. Investment promotion policies* | Ministry of Economy and Trade | 1998-2000 | 40,000 | - | 10,000 | UNDP | Participation of PA experts in regional symposia; new advisory services pending. |
| *IEC4. Palestinian competition policy* | Ministry of Economy and Trade | 2001-2002 | - | - | - | - | Assessment mission postponed. |
| **PALESTINIAN TRADE SECTOR URGENT TECHNICAL ASSISTANCE (WITH UNCTAD/WTO ITC)** | | | | | | | |
| *Nine technical assistance projects in three areas: trade logistics/infrastructure, market diversification and trade support measures; and trade policy.* | Ministry of Economy and Trade | 2001-2002 | 405,000 | 15,000<br>10,000 | -<br>- | UNCTAD | UNCTAD/ITC request for funding to donors January 2001. UNCTAD Trust Fund and RB resources allocated for three priority activities. |
| Total: 21 projects | Six counterparts | | 3,008,000 | 1,944,000 | 653,000 | | |

## Notes

[1] In accordance with the relevant General Assembly resolutions and decisions, references in this report to the occupied Palestinian territory pertain to the Gaza Strip and West Bank, including east Jerusalem (for purposes of brevity, the term "Palestinian territory" is also used as appropriate); the term "Palestine" used in this report refers to the Palestine Liberation Organization, which established the Palestinian Authority (PA) following the 1993-1994 peace accords with Israel. Unless otherwise mentioned, data on the Palestinian economy in this report apply to the Gaza Strip and West Bank, excluding east Jerusalem.

[2] Palestinian Economic Policy Research Institute-MAS, *MAS Economic Monitor*, No. 7, 2000.

[3] UNCTAD's observations at previous stages in the development of the Palestinian economy could very easily refer to the 2000-2001 crisis. Ten years ago, the secretariat report to the Trade and Development Board on the impact of the Gulf crisis identified factors that have continued over the decade to foil concerted Palestinian and international efforts to sustain the course of growth and development. See UNCTAD, "Recent developments in the economy of the occupied Palestinian territory" (TD/B/1305), Geneva, 1991, paras. i, ii, 64.

[4] As reviewed in secretariat reports to the Trade and Development Board since 1991.

[5] Minimal capital investment and employment also characterize newly registered companies; small private companies account for over half of total newly registered companies. The total value of PA-"approved investment projects" stood at $298 million by 1999. Once executed, they would create around 3,000 new jobs. *UNSCO Report*, Gaza, UNSCO, Spring 2000.

[6] The growth in industry's share of GDP is partly due to an upwards re-estimation by PCBS of the contribution of industry after 1994 as compared to Israeli data for the pre-1994 period.

[7] See UNCTAD, "Prospects for sustained development of the Palestinian economy: strategies and policies for reconstruction and development" (UNCTAD/ECDC/SEU/12), Geneva, 21 August 1996.

[8] In 1999, net factor income was equivalent to 20 per cent of GDP, only slightly reduced from 22 per cent in 1993. In addition to increasing the economy's vulnerability to external shocks, the weak contribution of domestic sources to growth of national income aggravates the "lack of articulation between sources of income and the uses of that income, on the one hand, and between the supply of and demand for goods and services on the other". See UNCTAD, "Prospects for sustained development of the Palestinian economy in the West Bank and Gaza Strip, 1990-2010: a quantitative framework" (UNCTAD/ECDC/SEU/6), Geneva, 11 November 1994.

[9] These have included joint ventures pooling both private and public sector assets, sustained by selected import monopolies, exclusive agency and franchise arrangements, as well as lucrative short-term commercial deals.

[10] One example is the case of the Interim Association Agreement with the European Union offering Palestinians limited quotas well below the potential for exports, especially with regard to agricultural produce. Palestinian Authority Ministry of Finance, "A comprehensive report on the total losses of the Palestinian territories since the outbreak of the Al-Aqsa Intifada on 28/9/2000 until 15/4/2001", Gaza, April 2001 (in Arabic).

[11] In 1998, closure affected 14.5 days, resulting in a loss of 5.2 per cent of working days, as compared to a 20.5 per cent loss in 1997. See "Economic and Social Conditions in the West Bank and the Gaza Strip", a report by UNSCO, Spring 1999, Gaza.

[12] The "Protocol on Economic Relations" signed in 1994 by Israel and Palestine "establishes the contractual agreement that will govern the economic relations between the two sides and will cover the West Bank and the Gaza Strip during the interim period" (Article I.1).

[13] Palestinian Authority Ministry of Finance, Gaza, April 2001, op.cit.

[14] The number of Jordanian cement shipments to the territory has been reduced to around 20,000 from 75,000 tons per month since November 2000, while energy and fuel supplies were suspended for one week during the months of February and June 2001. Palestinian Centre for Human Rights (PCHR), "Closure Update", No. 29, Gaza, 16 December 2000.

[15] Numerous PA sectoral and aggregate estimates of economic losses have been published for different reference periods, using different methodologies. Lower range estimates based on PCBS field survey data appear to be the most credible.

[16] PCBS, "Direct losses of the Palestinian economy due to the Israeli siege", December 2000, and UNSCO, "The impact on the Palestinian economy of confrontations, mobility restrictions and border closure, 1 October — 31 January 2001", Gaza, February 2001. Some sources put total losses well above the mentioned figure. See Palestinian Authority, Ministry of Finance, Gaza, April 2001, op.cit.

[17] UNSCO, Gaza, February 2001, op.cit.

[18] See ibid. and World Bank, "The impact of prolonged closure on Palestinian poverty", Gaza, 1 November 2000.

[19] See PCBS "Impact of Israeli measures on the economic conditions of Palestinian households", April 2001.

[20] *Al-Hayat-al-Jadidah*, 30 March 2001, Jerusalem (in Arabic), and Palestinian Liberation Organization (PLO), "Crisis in faith", second submission to the Sharm El-Sheikh Fact-Finding Committee, 30 December 2000.

[21] World Bank, "US$12 million grant from the World Bank in an effort to address the current economic crisis in West Bank and Gaza", Press release, Washington D.C., 6 December 2000; European Commission Representation Office West Bank and Gaza Strip, "Commission authorises special payment to Palestinian Authority", Press release, Jerusalem, 8 November

2000; *Al-Quds*, "The Arab League pledges $240 million in urgent assistance for the Palestinian Authority", Jerusalem, 29 March 2001 (in Arabic); and, *Al Sharq al Awsat*, "Report on Arab donor states contributions to Al-Aqsa, Intifada funds", London, 12 April 2001 (in Arabic).

[22] The Palestinian Authority Minister of Economy of Trade estimated in early 2001 that the economy would take two to three years to regain the performance it had attained in mid-2000; quoted in *Al-Quds Al-Arabi*, London, 25 January 2001 (in Arabic).

[23] Haaretz, December 2001.

[24] Palestinian farmers left strawberries on the plants during the previous harvesting season, while exports did not exceed 850 tons out of 2,000 tons designated for external markets; in PCHR, "Closure Update", No. 33, Gaza, 22 February 2001.

[25] Palestinian Authority Ministry of Finance, Gaza, April 2001, op.cit.

[26] Palestinian Authority and International Monetary Fund, "West Bank and Gaza economic policy framework – progress report", 31 May 2000, p.4.

[27] UNCTAD, "The Palestinian economy: achievements of the interim period and tasks for the future" (UNCTAD/GDS/APP/1), Geneva, 19 January 2001, p. 35.

[28] UNCTAD, "Prospects for sustained development of the Palestinian economy: macroeconomic simulation framework (MSF)" (UNCTAD/GDS/APP/3), (Forthcoming).

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TRADE AND DEVELOPMENT BOARD

# REPORT OF THE FIFTH MEETING OF GOVERNMENTAL EXPERTS FROM LAND-LOCKED AND TRANSIT DEVELOPING COUNTRIES AND REPRESENTATIVES OF DONOR COUNTRIES AND FINANCIAL AND DEVELOPMENT INSTITUTIONS

Held at United Nations Headquarters, New York,
from 30 July to 3 August 2001

GE.01-0524-0

ENG

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## INTRODUCTION

(i) The Fifth Meeting of the Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions was held at United Nations Headquarters, New York, from 30 July to 3 August 2001, pursuant to paragraph 11 of General Assembly resolution 54/199.

(ii) The terms of reference of the Meeting, as set out in the General Assembly resolution, were to review progress in the development of transit systems in the land-locked and transit developing countries, including consideration, pursuant to General Assembly resolution 54/199, of the proposal made by the fourth meeting in 1999 regarding the convening in 2003 of a ministerial meeting on transit transport issues so as to give appropriate emphasis to the problems of land-locked and transit developing countries.

(iii) For its consideration under item 3, the Meeting had before it a report prepared by the UNCTAD secretariat entitled "Transit Systems of Land-locked and Transit Developing Countries: Recent Developments, and Proposals for Future Action" (TD/B/LDC/AC.1/17).

(iv) In addition to the main document (TD/B/LDC/AC.1/17), a number of background documents were made available to the Meeting in the language(s) in which they were prepared (see annex II).

# I. AGREED CONCLUSION AND RECOMMENDATIONS

## A. Transport costs, export performance and sustainable development

1. Despite some positive developments in transit transport systems, lack of territorial access to the sea, aggravated by remoteness and isolation from world markets and high transit costs and risks, continue to impose serious constraints on the overall socio-economic development of land-locked developing countries. They have not been able to take full benefit of the new trade and investment opportunities offered by the process of liberalization and globalization. They need greater assistance to enable them to integrate effectively and beneficially into the global economy.

2. Most transit countries are themselves developing countries facing serious economic problems, including the lack of adequate transit transport infrastructure.

3. The Meeting underlined the importance of transport for the development process in general and for the promotion of national, regional and international trade in particular which significantly contribute to the goal of eradication of poverty. Weak infrastructure, and inappropriate policy environments lead to inefficient transport services that engender high transport costs, which are a major impediment to trade expansion, competitiveness, and hence sustainable development in many land-locked and transit developing countries. The development of a coherent, national, regional and international transport network, combined with efficient transport services, are essential for stimulating economic activity, opening up productive areas in individual countries and linking them to national, regional and international markets.

4. Governments should give high priority to the transport sector by formulating and strengthening their policies to attract investment in infrastructure and related services. In this context, private sector participation has an important role in improving the quality of transport and transit services including through a public-private partnership framework.

## B. Infrastructure development

5. An effective regulatory framework and the establishment of a conducive environment are a prerequisite for infrastructure development. Development of infrastructure, including the upgrading of existing assets, requires a degree of financing exceeding the means of land-locked and transit developing countries. The decline of official development assistance (ODA), and inadequate private financing have negatively affected transit systems not only in land-locked developing countries but also in transit countries as most of them are either developing or least developed countries also in need of external financing. There is a need for increased ODA and private investment.

6. Regional cooperation and integration involving land-locked and transit developing countries can be an asset through pooling limited resources and achieving needed economies of scale. There are a variety of regional cooperation initiatives, such as the trade and transport facilitation project in South-East Europe, and the Development Corridor and Spatial Development Initiative (SDI), which has taken root in Southern Africa. SDI places transport in general and transit transport in particular in a broader socio-economic context that views transport, from a holistic perspective. It

recognizes the interdependence of transport with other sectors. For example, tourism and agriculture or mining cannot flourish without an adequate transport system and, in turn, a transit system is there to serve needs of other economic sectors and its sustainability depends on demands derived from those sectors. Hence there is a need to attract investment, in a more coordinated manner, across a wide range of activities and programmes including transport infrastructure and related projects.

7. Decisions concerning transport development projects should be taken in consultations, as appropriate, with relevant stakeholders. In order to ensure suitable and efficient investment allocation for infrastructure development, it is vital for local and national authorities to exercise true ownership over such programmes and projects.

8. In conclusion, the Meeting called for:

(i) A reversal of the current downward trend of ODA and private financing for transport development in land-locked and transit developing countries;

(ii) Provision of financial and technical assistance by donor countries, UNDP and multilateral financial and development institutions to land-locked and transit developing countries in the form of grants or concessional loans for the construction, maintenance and improvement of their transport, storage and other transit-related facilities;

(iii) The acceleration of reforms in the transport sector and other related services, including support for the liberalization of the transport sector as well as the greater involvement of the private sector in providing transport services;

(iv) Greater involvement of relevant stakeholders in the planning and selection of infrastructure projects;

(v) Specific financing for the missing elements of transit corridors;

(vi) The establishment of regional initiatives to support multi-country projects and advanced regional integration;

(vii) The improvement of the management of infrastructure services by promoting business discipline and by establishing competitive markets;

(viii) A holistic approach to transport, taking into account physical, policy, procedural and institutional considerations.

## C. Trade and transit facilitation designed to reduce costs and improve the efficiency of transit operations

9. Transit procedures must be coordinated with physical movement to ensure the speedy passage of goods through transit countries. Complex formalities, multiple documentation requirements, and inter-country variation in procedures and documentation are all important sources of additional and avoidable costs and inefficiency in transit transport. Facilitation measures, which aim at simplifying, rationalizing and harmonizing procedures, provide a means of improving the quality of transit and of eliminating many avoidable costs in transit systems, particularly indirect transit costs, such as administrative expenses incurred in organizing transit operations, delays in delivery and inventory costs.

10. International conventions, and regional and bilateral agreements ratified by Governments are the main vehicles through which harmonization, simplification and standardization of rules and documentation can be achieved. Many land-locked and transit developing countries have undertaken measures to strengthen their transit transport cooperative arrangements. The international community has played an important role in supporting the normative law and systems reform process but greater financial and technical assistance is required to help land-locked and transit developing countries to effectively implement their cooperative agreements and arrangements.

11. Access to and from the sea should be in accordance with bilateral, regional and international agreements and conventions.

12. Many land-locked and transit developing countries have also accepted that the changing structure of transit trade result in demands for more efficient institutional arrangements at the national and regional level. An important manifestation of these changes has been increased participation of the private sector. Although public-private sector partnership is on the rise, this process is still in its formative stage and requires support from the international community before it can become widespread.

13. The changing nature of transit trade requires the enhancement of the knowledge and skills of those involved in policy-making and regulatory functions as well as those responsible for day-to-day operations, through training, including continuing education for existing professionals. Regional transit transport cooperation involving adoption of common rules and technical standards require governments and the private sector to introduce new measures and actions designed to implement the various commitments.

14. In conclusion, the Meeting called for:

(i) Enhancing and accelerating the implementation of transit transport cooperation through bilateral and/or regional agreements and arrangements in line with international conventions;

(ii) The elimination of non-physical barriers which compromise the competitiveness of trade to and from land-locked and transit countries;

(iii) The reduction of high tariffs in accordance with bilateral, regional and multilateral agreements;

(iv) Establishment and/or strengthening of trade and professional associations at the national and regional levels;

(v) Promoting and ensuring the implementation of regional initiatives on trade facilitation and transit transport systems contributing to regional integration in accordance with bilateral, regional and international agreements and conventions;

(vi) Strengthening the capacities of Governments and related agencies to effectively carry out further simplification, harmonization, standardization of transit procedures and documentation, including the improvement of customs transit systems through strategic planning, monitoring policy and regulatory reforms;

(vii) Promotion of consultation and dialogue, in accordance with bilateral and regional agreements between transit operators in the public and private sectors at the national and regional levels with the objectives of solving transit and other related operational problems;

(viii) Provision of grants and concessional financing for human capacity building at the policy, regulatory and operational levels.

## D. Follow-up actions

15. While land-locked and transit developing countries bear the primary responsibility to implement measures designed to strengthen their cooperative and collaborative efforts, the international community, including financial and development institutions, should provide more support to enable these countries to deal effectively with their transit transport problems and requirements.

16. Many land-locked and transit developing countries have concluded bilateral and regional agreements and are making efforts to implement them. The international community should provide technical and financial support to accelerate the implementation of these agreements and arrangements.

17. Regulatory and institutional reforms undertaken to modernize and improve the efficient working of transit transport systems at the national and regional levels should be maintained by the land-locked and transit developing countries concerned. The international community should support these efforts.

18. Human capacity building for both the public and private sectors should be encouraged. Development partners should encourage foreign direct investment to contribute to the upgrading of professional and managerial skills of the private sector in land-locked and transit developing

countries. ODA should support public sector capacity building in order to promote economic development.

19. UNCTAD should assist in accordance with its mandate the implementation of the above recommendations and the Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community.

20. UNCTAD's technical cooperation programmes, including the Automated System for Customs Data (ASYCUDA), and the Advance Cargo Information System (ACIS), which had made important contributions to the improvement of transit transport in land-locked developing countries and their transit neighbours, should continue to accord due priority to this group of countries, particularly to regions that have not yet benefited from such programmes. UNCTAD should also undertake new specific case studies, at the request of concerned States, on issues relating to transport organization in land-locked and transit developing countries and report thereon to the next Meeting.

21. The international community, including donor countries and financial and development institutions should strengthen their support for national, bilateral and subregional infrastructure and transit transport projects and programmes, including through the provision of adequate financial and technical support to one-stop borders post, as well as through improving current financing modalities and introduction of new facilities, such as co-financing, bank-to bank loans, guaranties.

22. The Meeting recommended that an International Ministerial Meeting of Land-locked and Transit Developing Countries and Donor Countries, and Representatives of International Financial and Development Institutions on Transit Transport Cooperation be convened in 2003 in order to give emphasis to the development of efficient transit transport systems. The UNCTAD secretariat, in cooperation with the World Bank, regional development banks and other relevant international and regional organizations, is requested to provide substantive and organizational preparations for the Meeting. The necessary preparations should be undertaken at the sub-regional and regional levels with the appropriate involvement of all major stakeholders, including the private sector. In this context, the Meeting welcomed the generous offer made by the Government of Kazakhstan to host the Meeting.

23. The Meeting noted with deep appreciation the generous financial contribution made by the Government of Japan to the organization of the current Meeting. This had made possible the participation of national experts from land-locked developing countries and resource persons, which contributed significantly to the quality of the deliberations and the outcome of the Meeting.

24. The Meeting took note with appreciation of the substantive inputs and support by UNCTAD and the World Bank.

## II. REVIEW OF PROGRESS IN THE DEVELOPMENT OF TRANSIT SYSTEMS IN LAND-LOCKED AND TRANSIT DEVELOPING COUNTRIES (Item 3)

### Opening statements

25. Opening the Meeting on behalf of the Secretary-General of UNCTAD, the **Officer-in-Charge of the Office of the Special Coordinator for Least Developed, Land-locked and Island Developing Countries** welcomed the governmental experts and representatives to the Meeting.

26. **His Excellency Ambassador Yukio Satoh (Japan), Chairman of the Fifth Meeting of Governmental Experts**, in his opening remarks, stated that his country paid special attention to land-locked and island developing countries. It was in this context that his Prime Minister gave a reception for these countries during the Millennium Summit. He noted that the mandate of the Meeting, as set out in the General Assembly resolution, was to review progress in the development of transit systems in the land-locked and transit developing countries and to convene in 2003 a ministerial meeting on transit transport issues. He expressed his personal determination to bring the Meeting to a successful conclusion, and expressed his hope that the other members of the delegations would support him to this end.

27. The **Officer-in-Charge of the Office of the Special Coordinator for the Least Developed, Land-locked Developing Countries and Small Island Developing States**, in his statement, thanked the Government of Japan for providing financial support, which enabled the participation of experts from a number of land-locked and transit developing countries to attend the Fifth Meeting of Governmental Experts.

28. The land-locked developing countries, most of which are the poorest, experience the weakest growth rate and depend on a limited number of commodities. They have not been able to take advantage of the new trade opportunities offered by liberalization and globalization. Development of adequate transit transport infrastructure and effective intergovernmental cooperation are required in order to integrate land-locked developing countries into the world economy.

29. UNCTAD as a focal point within the United Nations system for land-locked developing countries expanded its activities to monitor and facilitate the implementation of the Global Framework for Transit Transport Cooperation between land-locked and transit developing countries. Since the establishment of the Unit for Land-locked Developing Countries and Small Island Developing States, the Office of the Special Coordinator is playing an active role in building an international consensus, promoting advocacy, bilateral and regional agreements and accession to international conventions. He said that UNCTAD's programmes such as the Automated System for Customs Data (ASYCUDA) and the Advance Cargo Information System (ACIS) are designed to improve transport efficiency. The UNCTAD secretariat is prepared to extend its assistance to land-locked and transit developing countries in implementation of the outcome of the present meeting, including the initiatives aimed at establishing efficient transit transport systems in these countries.

30. The **Chief of the Unit for Land-locked Developing Countries and Small Island Developing States** expressed optimism for a brighter future in transit transport cooperation in the light of the recent and significant changes in perception, policies, approaches, and initiatives, among other things. Increased regional trade had made transit an important issue for many coastal countries. The improvement of transit systems was no longer the preserve of Governments only but a matter of interest to a wide range of stakeholders, public and private, national, regional and international. Competition among all transport modes was promoting cost-effective transport services and strengthening transit systems. New modalities were turning existing economic arrangements into operational instruments for change and development.

31. Many of the above processes were still in the formative stage and required support from the international community. Private sector investment in infrastructure is not only profitable to the investor but also to the economy as a whole. But investors' perceptions of high risk in many land-locked and least developing countries do not encourage private investments, hence the need for a combination of private and public participation and increased official development assistance. He called on the Meeting to help promote a consensus on the establishment of innovative financial mechanisms and the improvement of the skills of those involved in policy-making and day-to-day operations in the management of investments.

32. The **representative of the World Bank** stated that, while trade liberalization was progressing steadily, the cost of transport was becoming a critical factor for the competitiveness of least developed countries. Too often transit systems of land-locked and developing countries suffered from inadequate infrastructure as a result of poor institutional capacity and a lack of sufficient government finance.

33. He referred to three lessons learned from World Bank-financed studies and projects during the last decade. In many cases, regulatory and procedural problems and constraints were much more critical than infrastructure deficiencies. In most cases, there is a need for a regional strategic vision/framework to ensure effective and efficient corridors. The South Asia Regional Initiative and the Southern Africa Transport Protocols are good examples to be followed. In all cases, public/private partnerships play a critical role in the process of developing physical infrastructure and improving regulations, procedures and policies. Producers and consumers are both beneficiaries of improved transport systems while transport operators and users are business facilitators. Transport corridors promote regional integration and help developing countries increasingly to access competitive global markets. The Bank would continue to support the development and deepening of regional integration initiatives, and to focus on activities needed to create integrated markets.

34. The **Chairman of the Group of Land-locked Developing Countries** (Lao PDR) stated that while the process of globalization provided both opportunities and challenges, the land-locked developing countries were not yet in a position to reap the full benefits of the international trading system due to high costs of transportation. Furthermore, they were facing an increasing risk of marginalization. This process was further aggravated by additional expenses associated with the inadequate infrastructure development, inefficient transit operations, extensive delays at ports and border crossings, maintenance of alternative routes, the maintenance of high levels of inventories and storage costs.

35. To tackle these problems, the land-locked developing countries needed extensive cooperation and assistance from the international community in order to deal with the complex legal frameworks of the multilateral trading system, their impact on external trade performance and competitiveness, and effective participation in WTO negotiations. The proposed international ministerial meeting on transit transport cooperation would greatly assist both land-locked and transit developing countries in mobilizing greater support from the international community.

36. He expressed the gratitude of the land-locked countries to UNCTAD for the work it is doing in promoting specific actions related to the particular needs and problems of these countries. More improvement could, however, be made in the area of systematic data collection regarding external trade and associated high transport costs in land-locked countries. These statistics are needed to be able to assess problems adequately and promote solutions. He also welcomed the continued support of the Office of the Special Coordinator and looked forward to the UNCTAD report on the functioning of the Unit for land-locked developing countries and small island developing States to be submitted to the forthcoming session of the General Assembly. The group would carefully examine the resource situation and work programme of the Unit.

37. The **representative of Mexico** stated that Mexico supported the proposal for a ministerial meeting in 2003 on transit transport issues. Mexico was working with Central American countries on the "Puebla-Panama Plan" aimed at strengthening the physical infrastructure from Mexico through Central America to Panama. Mexico had offered to share its experiences with other developing countries within the TCDC modality, in the areas identified in an UNCTAD study covering physical infrastructure as well as financial, institutional and regulatory considerations.

38. The **representative of India** stated that the UNCTAD secretariat produced useful background papers but she wondered why UNCTAD did not send out questionnaires to Governments and relevant institutions as had been done in the past to seek information relating to progress in transit transport cooperation between land-locked and transit developing countries. Cooperation between the land-locked and transit developing countries is pivotal for an effective response to transit transport issues. India enjoys close and historical links with both Bhutan and Nepal and accords high priority to trade and transit issues in its bilateral exchanges while making an effort to provide them with multi-modal transit transport options.

39. The 1995 Bilateral Agreement between Bhutan and India, valid till 2005, provides Bhutan with free third country exports and imports. There are twelve exit entry points for Bhutan's third country trade. These include land, rail, riverine and air routes.

40. A Treaty of Transit, valid for seven years, was signed between India and Nepal in January 1999. The treaty has considerably improved and simplified procedures for the transit of Nepalese cargo through Indian territory. For Nepal's trade with third countries, the Treaty provides 15 transit routes to and from Calcutta Haldia ports. Nepal has also been offered facilities at the Bombay Port and the Kandla Ports for third country trade. As pointed out in the UNCTAD secretariat report, transit transport costs for Nepal are only 4.9% - about one third the average for

land-locked countries, and almost half the average for developing countries. This is a result of the strong bilateral cooperation between the two countries and India takes immense satisfaction from this.

41. She called on the international community to commit additional financial resources and technical assistance for capacity-building in the physical infrastructure, as well as for making available improved services and harmonized processes between the land-locked and transit developing countries. Regarding the proposed 2003 Ministerial Meeting, it would be necessary to undertake preparatory work in consultation with land-locked and transit developing countries and to address the constraints and challenges in a holistic and integrated manner in order for it to be meaningful.

42. The **representative of Mongolia** stated that progress had been made since the last meeting. Among positive steps he mentioned further institutionalization of the land-locked developing countries' group. He emphasized that due priority should be accorded to land-locked developing countries when strengthening the Unit on Land-locked Developing Countries and Small Island Developing States (SIDS). He highlighted the need for closer cooperation between land-locked and transit developing countries. Focus should be placed not so much on the issues that divide, but on the "deliverables" that promise mutual benefits. It was necessary to increase research and analysis by UNCTAD of the positive and negative experiences of land-locked developing countries in the areas of deregulation, liberalization, privatization and competition as new instruments conducive to reduction of costs and improvement of efficiency. He commended UNCTAD for helping countries in the Northeast Asia region (Mongolia, China and Russia) to meet to set up a Transit Traffic Framework Agreement. He supported the decision of holding a Ministerial Meeting on transit transport issues in 2003 in Kazakhstan.

43. The **representative of Brazil** stated that concrete proposals were needed for the creation of innovative financial instruments at the national, regional and international levels, including financial support from institutions operating in the region. The Brasilia Communiqué of September 2000, issued by the Meeting of Presidents of South American Countries, stressed the importance of developing a regional vision to elaborate plans for infrastructure development. The regional focus would produce synergies in the development of physical infrastructure. The Communiqué also adopted the concept of regional development hubs, which favour the development of infrastructure needed for sustainable economic and social development and the promotion of an integrated vision in the areas of energy, transport and communications.

44. The **representative of Japan** stated that, with the unprecedented progress made in information technologies, globalization presented tremendous opportunities for increased and timely international trade at much less cost. However, without adequate transport infrastructure and an enabling environment for smooth transit transport, the development of information technologies alone would not bring about the expected results to land-locked developing countries.

45. Two-fold challenges needed to be addressed, namely the development of badly needed infrastructure and the preparation of an enabling environment for smoother transit transport. To meet the first challenge, the commitment and ownership of land-locked and transit developing countries were of the utmost importance. Japan had complemented the nation-building efforts of

land-locked countries through grants, and concessional loans necessary for building roads and bridges as well as modernizing ports and airports. On the second challenge, or the soft infrastructure, i.e. managerial, procedural, regulatory and institutional transit systems needed for effective utilization of assets, land-locked and transit developing countries should create an even stronger partnership with one another. Subregions and regions have much to learn from each other and Japan could contribute to the learning process. Japan supported the idea of a Ministerial Meeting in 2003.

46. The **representative of Indonesia** stated that greater global competition had brought more marginalization to many land-locked countries despite the promise of information and communication technologies and efforts to limit their negative effects. External indebtedness has compounded the problem. New measures are needed. These include providing financial grants and concessional loans, and more regional and subregional cooperation such as in ASEAN in order to facilitate the flow of goods and people.

47. The **representative of Kazakhstan** stated that many activities are currently under way in his region to improve the transit problems. These include the establishment of a database on traffic, a memorandum of understanding on road transport in the region, etc. The UNDP was requested to support the ongoing work. There is a need for further coordination efforts among land-locked developing countries. He also said that his Government was prepared to host the proposed Ministerial Meeting in 2003.

48. The **representative of Pakistan** stated that access to world markets was a necessary prerequisite for economic growth and development. It was therefore imperative that no country of the world, whether land-locked or not, should be denied access to the world market. This expert group, in its previous four meetings, has also identified the key problems faced by this group of countries and is now seeking their solutions. The measures taken by the relevant organs of the United Nations system and the development partners had progressed slowly and the challenges faced by these countries remained formidable. The resources to build needed infrastructure could be given in the forms of enhanced ODA, increased investment, reducing their debt burden and, more importantly, by providing unhindered market access for their products and services.

49. Pakistan provided transit facilities to its land-locked neighbours. It has signed and ratified the Pakistan-Afghanistan Transit Trade Agreement in 1965, the ECO Transit Trade Agreement in 1995, the Transit Transport Framework Agreement in 1998, and the Quadrilateral Agreement on Transit Trade with China, the Kyrgyz Republic and Kazakhstan. It has also pursued a number of effective policies and projects aimed at developing Pakistan's road and railway infrastructure and improving port facilities. He expected the meeting to help in the realization of their objectives.

50. The **representative of Lao PDR** stated that his country has entered into a number of agreements with its neighbours in order to alleviate its transit problems. These include the bilateral agreement with China, Vietnam, Myanmar, Thailand and a protocol in process with Cambodia. Other initiatives include feasibility studies and projects to connect a network linking the various corridors and the countries in the region. Unfortunately, there are many projects but not enough financial means to implement them.

51. The **representative of Peru** stated that, for Peru, a transit country for Bolivian tra
is a need to establish financial instruments at national, regional and internationa
international financial institutions could help through special and innovative progra
support the development, improvement and maintenance of needed physical infrastructu
Andean region, the Corporación Andina de Fomento is playing its role. Peru believe
international community – and in particular the financial institutions – have a key respo
towards countries with physical disadvantages, such as land-locked developing countrie
in their integration efforts. Peru felt that a political declaration was very important to
future meetings, and that the United Nations could serve as the forum to develop
mechanisms for the integration and compensation of land-locked developing countries.

52. The **representative of Bolivia** stated that the priority in their region is to integrate
MERCOSUR and the Andean group of countries. Efforts in recent years to moder
economy include privatization of railways, gas pipelines and highways. However, desp
efforts many problems remain. For example, corridor development seems to have en
more imports rather than exports. Simple technical know-how does not seem to be a s
solution in solving transit problems. More cooperation will always be needed. Hence,
support for the proposed Ministerial Meeting.

53. The **representative of China** stated that his country had always been sympathetic
locked developing countries' problems. This is why it has been cooperating with its lan
neighbours to improve transit systems of their goods, including through several
agreements with Lao PDR, Kazakhstan, Mongolia, and the Russian Federation. He com
UNCTAD for its assistance in negotiating a draft transit traffic framework agreement
China, Mongolia and the Russian Federation. He said that his Government did not
problems with convening a ministerial meeting in 2003. In that context, he called f
coordination since many Ministerial Meetings are being convened.

54. The **representative of Nigeria** stated that his country was aware of its e
responsibilities to its neighbouring land-locked countries, namely Chad and Niger. Nig
acceded to some international and sub-regional conventions and protocols on facilitation
transport: the 1965 New York Convention on Transit Trade of Land-locked Countries,
Convention on the facilitation of international maritime traffic, the International Conventi
Simplification of Customs Regimes and the Inter-State Road Transit Protocol. Nigeria
implemented various resolutions reached at the symposium organized recently by the
Organization of West and Central Africa (MOWCA) and the European Union. Finally, sev
projects are being planned or implemented: freight stations, rail links, roads, etc.

55. The **representative of Burkina Faso** stated that the background papers prep
UNCTAD were very useful but he regretted the absence of documents on West Africa. His
suffered a lot from its land-lockedness. Union Monetaire Ouest Africane (UMOA) and E
Community of West African States (ECOWAS) are working together to improve their t
systems. His delegation supported the proposed Ministerial Meeting.

56. The **representative of Viet Nam** stated that the background documents were of good quality and useful to the meetings' deliberations. His country has been improving the East-West corridor in their region. However, financial resources and other constraints limit their ability to do better.

57. The **representative of Iran** stated that seven land-locked countries were in their vicinity. There was little improvement in the physical infrastructure. The solution may be in a piecemeal approach. He called for coordination among donors, financial institutions and development agencies. A road linking Europe to Shanghai could be created. Telecom networks should be strengthened to give more access to information.

58. The **representative of the Arab Republic of Egypt** stated that the meeting of experts from land-locked developing countries and their partners was especially important for developing countries that were signatory to international trade agreements. Efficient transport infrastructure made it possible to access international markets and services at reasonable cost. Although Egypt enjoyed access to the sea through the Mediterranean, the Suez Canal and the Red Sea, it was still challenged to strengthen both land and other links with its neighbours and these were costly projects. For example, Egypt would like to participate in building a rail network linking it to Europe through its western neighbours: Tunisia, Libya, Morocco, and to Spain through Gibraltar. The railway could continue further south through Sudan. Any technical and financial support to these projects would be appreciated.

59. He singled out projects such as the Eastern Railway lines, presently under construction for linking Africa with Asia at a total cost exceeding US$ 300 million over the Suez Canal, and the International Road which crosses Egypt from East to West along the Mediterranean sea coast. These projects will provide an important corridor for passengers and commodities through Egypt and will help the adjacent countries to minimize the transport cost. Moreover, many maritime projects were now in progress to encourage transit transport movements to the new ports located at the North-West of Suez Gulf and at the Eastern Suez Canal. The main aim of these new ports is to facilitate and maximize the transit trade through the Mediterranean area.

60. The **representative of Côte d'Ivoire** stated that his country was happy to have been invited by UNCTAD to participate in the meeting. He mentioned an important project that could link the port of San Pedro in Côte d'Ivoire by road (180 km) to the rich region in the South West of Mali.

61. The **representative of Burundi** stated that his country has three means of access to the sea: the Northern Corridor towards Mombasa costing US$235 per metric ton, the Central Corridor towards Dar-es-Salaam costing US$85 per ton and the Southern Corridor towards Mpulungu on Lake Tanganyika in Zambia, costing US$135 per ton. He called for donors to help build the Great Lakes railway linking Kasama to Mpulungu in Zambia, Bujumbura to Cyangugu in Rwanda to Kasese and Kampala in Uganda and then to Mombasa, Kenya; the rehabilitation of the port of Mpulungu, the extension of the pipeline Mombasa-Eldoret in Kenya to Kampala, Kigali and Bujumbura; the increase in the number and the acquisition of new railway wagons on the railway Dar-es-Salaam-KIGOMA in Tanzania. He supported the call for banning economic sanctions against land-locked countries.

62. The **representative of Nepal** stated that land-locked countries are confronted with developmental and transit-transport problems of colossal proportions. The Millennium Declaration had aptly recognized those problems and the need for special attention to the land-locked countries. He urged both bilateral and multilateral donors to increase financial and technical assistance to this group of countries to meet their special needs. The Fifth Meeting of Land-locked Countries needs to focus on the critical obstacles facing these disadvantaged countries. Nepal acknowledged the general concept underscored in the "Review of Progress in the Development of Transit Systems in India, Nepal and the Bhutan Sub-region", and supported the convening of the Ministerial Meeting on LLDCs in 2003.

63. The **representative of Benin** said that his country granted certain facilities to land-locked countries using the port of Cotonou, such as the provision of berths, exemption from the payment of certain port charges and the introduction of a laissez-passer system. Benin would welcome support from the international community and donors for the extension of the port of Cotonou and for the modernization of major roads serving transit countries.

64. The **representative of the Southern African Development Community** said the SADC region had basic transport infrastructure to cater for its basic needs. The cost of transport, however, remained relatively high because of long distances from areas of production and the poor conditions of the different modes of transportation, coupled with border post delays, high insurance costs and uncoordinated documentation procedures. The SADC member states had taken some positive steps to resolve or eliminate inefficiencies in operations and to reduce transport costs through a number of reforms, including privatization, harmonization of standards and procedures and the simplification of processes and documentation, among other measures. The impediments in the transit transport systems had thus been identified and cooperating partners were invited to bring in the necessary investments to improve the systems.

65. The **representative of the Economic Cooperation Organization** (ECO) said considerable potential for the development of complementarities in the area of trade existed in his region, such as the harmonization of regional development strategies, reduction of trade barriers and evolving of common regulations aimed at integrating the region with global markets. The coordination of existing transport and communications networks with global corridors would end the isolation of the seven land-locked members of the organization, namely Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. The challenge of building the requisite infrastructure was beyond the capacity of the region and thus called for urgent support by the international community.

66. The **representative of the Common Market for Eastern and Southern Africa** (COMESA) stated that the 20 member States of COMESA have an important integration agenda, including a free trade area launched on 31 October 2000, a Customs Union with a common external tariff by 2004 and a Monetary Union in 2025. COMESA is promoting the following projects and needs the support of the international community: Great Lakes railway covering Zambia, DRC, Burundi, Rwanda, Tanzania and Uganda; Advanced Cargo Information System (ACIS) project covering Burundi, Rwanda, Uganda, Kenya, Tanzania, DRC, Sudan, Ethiopia, Eritrea and Djibouti.

67. The **representative of the Maritime Organization for Western and Central African States** (MOWCA) said that the land transit cost as a percentage of ocean transport cost in respect of shipments from North-West Europe through some transit ports in the West and Central African sub-region had been estimated to range from 71% to 171%. This was one major factor inhibiting regional economic integration and seriously undermining the external trade competitiveness of land-locked countries. MOWCA regarded this issue as having significant implications for its medium- to long-term goals of establishing efficient multi-modal transport systems, encouraging private sector investments in providing a coastal shipping service, and generally ensuring that the subregion has cost-effective maritime transport service. All land-locked and transit countries involved in West and Central Africa are members of MOWCA, and the movement of the vast majority of their transit trade included the sea-leg. MOWCA had organized a three-day symposium in February 2001 which reviewed work already done and ongoing work on problems of transit transport and adopted a programme of action regarding outstanding work.

## III. ACTION BY THE GOVERNMENTAL EXPERT MEETING AND CLOSING STATEMENTS

68. At its (closing) plenary meeting, on 3 August 2001, the Governmental Expert Meeting adopted its agreed conclusion and recommendations (TD/B/LDC/AC.1/L.7), as reproduced in chapter I above.

**Closing statements**

69. The **Chairman of the Group of Land-locked Developing Countries (Lao PDR)** congratulated the participants and organizers for the successful meeting of experts. He also expressed his gratitude to the delegations for their support and flexibility during the negotiations of the agreed conclusions and recommendations. In particular he stressed the importance of the recommendations regarding the Ministerial Meeting of Land-locked and Transit Developing and Donor Countries to be held in 2003. He thanked the people and Government of Kazakhstan for their generous offer to host the Conference. He also expressed hope that all stakeholders will play an active role in the preparatory process and during the Conference itself in 2003.

70. The **Representative of Bangladesh** thanked the Government of Japan for their assistance to this meeting. In the relevant part of the Brussels Programme of Action for the development of LDCs for this decade, the specific geographical constraints and problems of the land-locked and small island LDCs had also been taken into account. He called upon the development partners to assist in the improvement of physical infrastructure which was essential for efficient transit operations.

71. Bangladesh was ready to fully support and cooperate with its land-locked neighbours. Development of an integrated transport system within the region is one aspect of their policy of further strengthening and consolidating ties with their neighbours and among the countries of the South Asian region. Within the South Asian Association for Regional Cooperation (SAARC) framework, transport and communications has been identified as one of the promising and viable sectors of cooperation for the promotion and growth of trade in the region.

72. Bangladesh strongly supported the proposal of convening a Ministerial Meeting in 2003 on transit transport issues.

73. The **Representative of Cambodia** was happy to join the consensus and his government emphasized the importance of the 2003 Ministerial Meeting.

74. The **Representative of the United States of America** stated that the US expects that the recommendation to convene a Ministerial Meeting in 2003 will be implemented within existing budgetary resources.

## IV. ORGANIZATIONAL MATTERS

### A. Opening of the session

75. The session was opened by the representative of the Secretary-General of UNCTAD and Officer-in-Charge of the Office of the Special Coordinator for the Least Developed, Land-locked Developing Countries and Small Island Developing States on 30 July 2001.

### B. Election of officers
(Agenda item 1)

76. At its first meeting, on 30 July 2001, the following officers of the Bureau were elected:

| | |
|---|---|
| Chairman: | H.E. Mr. Yukio Satoh (Japan) |
| Vice-Chairmen: | H.E. Mr. Alounkeo Kittikhoun (Lao People's Democratic Republic) |
| | H.E. Mr. Mwelwa C. Musambachime (Zambia) |
| | Mr. Enio Cordeiro (Brazil) |
| Rapporteur: | Mr. Munesu Munodawafa (Zimbabwe) |

### C. Adoption of the agenda and organization of work
(Agenda item 2)

77. At its opening plenary, the Meeting adopted the provisional agenda, as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Review of progress in development of transit systems in land-locked and transit developing countries, including consideration, pursuant to General Assembly resolution 54/199, of the proposal made by the fourth meeting in 1999 regarding the convening in 2003 of a ministerial meeting on transit transport issues so as to give appropriate emphasis to the problems of land-locked and transit developing countries
4. Other business
5. Adoption of the report of the Meeting

### D. Adoption of the report of the Meeting
(Agenda item 5)

78. At its closing plenary, on 3 August 2001, the Meeting adopted its draft report (TD/B/LDC/AC.1/L.6) and authorized the Rapporteur to complete the report in the light of the proceedings at its closing plenary.

## Annex I

## ATTENDANCE *

1. The following representatives attended the Meeting:

### Member States

Austria
Azerbaijan
Bangladesh
Benin
Bhutan
Bolivia
Brazil
Brunei Darussalam
Bulgaria
Burkina Faso
Burundi
Cambodia
Cameroon
Central African Republic
Chile
China
Côte d'Ivoire
Democratic Republic of the Congo
Denmark
Dominican Republic
Egypt
Ethiopia
Finland
France
Gambia
Georgia
Germany
Ghana
Haiti
India
Indonesia
Iran (Islamic Republic of)
Italy
Japan
Kazakhstan
Lao People's Democratic Republic
Lesotho
Luxembourg
Malawi
Mali
Malta
Mauritania
Mexico
Mongolia
Nepal
Niger
Nigeria
Pakistan
Paraguay
Peru
Philippines
Russian Federation
Sierra Leone
Singapore
Thailand
Turkey
Uganda
United Republic of Tanzania
United States of America
Viet Nam
Zambia
Zimbabwe

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* For the list of participants, see TD/B/LDC/AC.1/INF.5

**United Nations**

Economic Commission for Africa (ECA)

**Specialized Agencies and Related Organizations**

World Bank (WB)

**Intergovernmental Organizations**

European Community (EC)
Union of African Shippers' Councils (UASC)

**Subregional Organizations**

Common Market for Eastern and Southern Africa (COMESA)
Economic Community of West African States (ECOWAS)
Economic Cooperation Organization (ECO)
Maritime Organization for Western and Central African (MOWCA)
Northern Corridor Transit Transport Coordination Authority (NCTA)
Southern Africa Transport and Communications Commission (SATCC)

**Consultants**

Mr. Martin Glassner, International Law Association
Mr. Severin M.A. Kaombwe, INFRA AFRICA
Mr. Jack Stone

## Annex II

## CHECKLIST OF DOCUMENTS

Main documents

| | |
|---|---|
| TD/B/LDC/AC.1/16 | Provisional agenda and annotations |
| TD/B/LDC/AC.1/17 | Transit Systems of Land-locked and Transit Developing Countries: Recent Developments and Proposals for Future Action - Report by the UNCTAD secretariat |

Background documents

| | |
|---|---|
| UNCTAD/LDC/110 | Review of Progress in the Developments of Transit Transport Systems in South-East Asia - Report prepared by Mr. Philippe Cabanius and Mr. Kammoune Bouaphanh |
| UNCTAD/LDC/112 | Infrastructure Development in Land-locked and Transit Developing Countries: Foreign Aid, Private Investment and the Transport Cost Burden of Land-locked Developing Countries - Report prepared by Mr. Jack L. Stone, UNCTAD consultant |
| UNCTAD/LDC/113 | Review of Recent Progress in the Development of Transit Transport Systems in Latin America - Report prepared by Mr. Rene Peña Castellon, UNCTAD consultant |
| UNCTAD/LDC/114 | Review of Progress in the Development of Transit Transport Systems in the India, Nepal and Bhutan Subregion - Report prepared by Chakra Infrastructure Consultants Pvt Ltd UNCTAD consultant |
| UNCTAD/LDC/115 | Review of Progress in the Development of Transit Transport System in Eastern and Southern Africa |
| A/55/320 | Transit environment in the Land-locked States in Central Asia and their Transit Developing Neighbours |
| UNCTAD/LDC/Misc.51 | Report of the first Negotiating Meeting to consider the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and Russia |
| UNCTAD/LDC/Misc.53 | Report of the first Specific Consultative Meeting on Transit Transport Systems of the Lao People's Democratic Republic |
| UNCTAD/LDC/Misc.61 | Report of the Second Negotiating Meeting to consider the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and Russia |

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Forty-eighth session
Geneva, 1 October 2001
Item 6(b) of the provisional agenda

# OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

## Progressive development of the law of international trade: thirty-fourth annual report of the United Nations Commission on International Trade Law

*Note by the UNCTAD secretariat*

Attention is drawn to the report of the United Nations Commission on International Trade Law (A/56/17) on the work of its thirty-fourth session, held in Vienna from 25 June to 13 July 2001.

As provided in section II, paragraph 10, of General Assembly resolution 2205 (XXI), the report is being submitted to the Trade and Development Board for comments and recommendations.

Copies of the report will be made available in each language version received, in limited quantities.

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ENG